

2003 Annual Report

Arkansas Public Service Commission Utilities Division

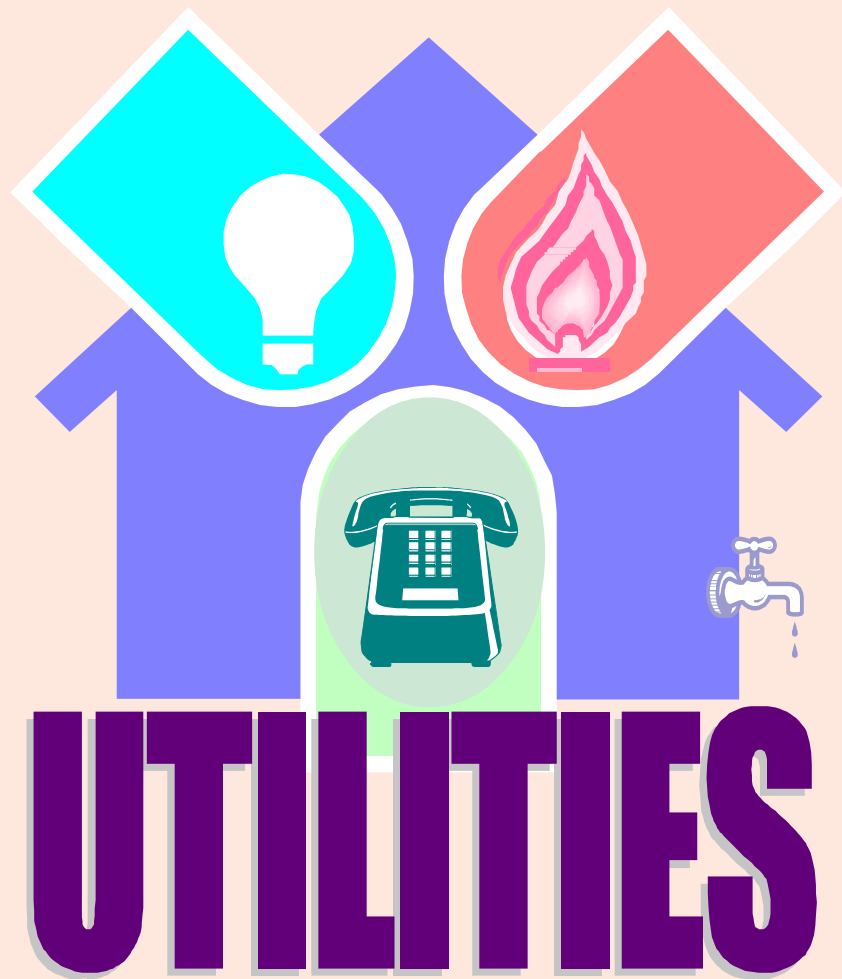
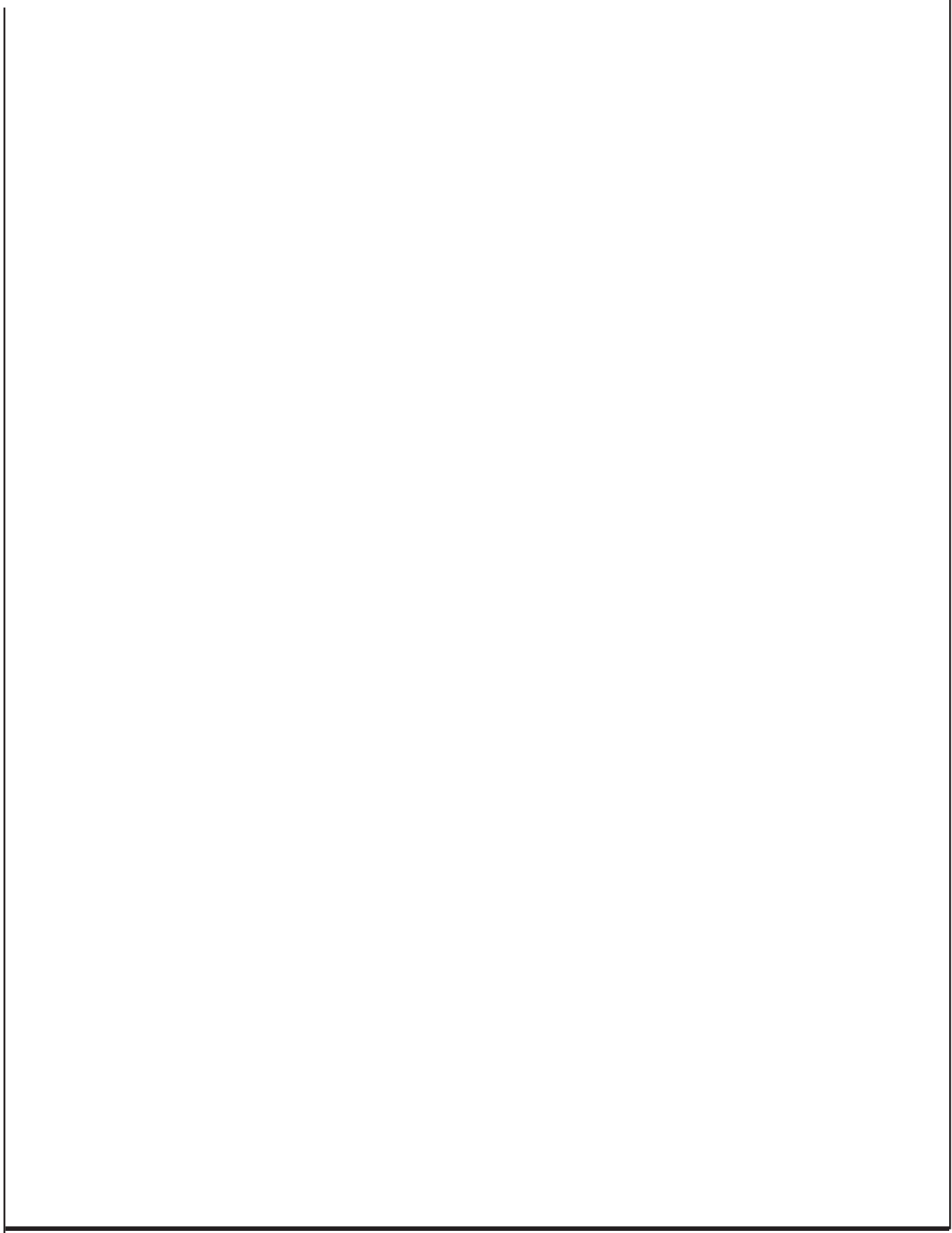


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SECTION 1 - INTRODUCTION

The Arkansas Public Service Commission (Commission or APSC) has general regulatory authority over electric, gas, telecommunications, water and sewer services which are provided to the public for compensation. The Commission is charged with the duty of ensuring that a public utility charges rates that will allow it the opportunity to earn a fair return on invested capital and that the customer does not pay more than necessary to produce a fair return to the utility for its service.

The Commission does not have regulatory authority over municipally-owned or operated utilities. Additionally, the Commission has limited jurisdiction over small water and sewer utilities and most telecommunications utilities. More specifically, small water and sewer utilities are not subject to Commission jurisdiction unless either the utility or its customers petition the Commission to exercise its regulatory jurisdiction over that utility.

In response to the Federal Telecommunications Act of 1996 which opened telecommunications markets to competition, the General Assembly enacted Act 77 of 1977 which significantly altered the regulation of the telecommunications industry in the state. The rates of most of the Incumbent Local Exchange Carriers (ILECs) in the state are not subject to regulation, however, the Commission continues to regulate the quality of service of all ILECs and Competitive Local Exchange Carriers. Competitive Local Exchange Carriers and Interexchange Carriers must obtain a Certificate of Public Convenience and Necessity from the Commission to provide service in Arkansas and all telecommunications providers must comply with the *Telecommunications Provider Rules* adopted by the Commission in response to Act 77.

The General Assembly enacted The Electric Utility Regulatory Reform Act of 2003 (Act 204) which provided for the repeal of retail electric competition as originally authorized by Act 1556 of 1999 (Act 1556). In addition, Act 204 authorized the Commission to adopt rules for transactions among or between regulated electric public utilities and their

unregulated divisions, components, and affiliates; to provide for recovery of transition costs incurred as part of preparation for retail open access; and to adopt rules for comprehensive electric utility resource planning. Act 204 also required the Commission to study the feasibility of a large user access program for electric service choice and report to the General Assembly by September 30, 2004.

In compliance with Ark. Code Ann. §23-2-315 (2002), the Commission submits an annual report to the Governor during the month of April. This Report focuses on Commission regulatory authority, organization, and activities during 2003. The following sections of this Report describe the agency organization (Section 2); summarize the highlights of Commission proceedings in each of the utility industries (Section 3); describe other non-docketed reviews conducted during 2003 (Section 4); provide information on customer complaint resolution (Section 5); summarize the Commission's efforts in federal utility proceedings (Section 6); and set forth our participation in national utility regulatory organizations (Section 7).

The utilities under the Commission's jurisdiction in 2003 are listed in Appendix A. These utilities generate annual revenues in Arkansas of approximately \$5.0 billion, of which \$3.8 billion are jurisdictional revenues. Details of the revenues for each utility and other utility-specific statistics, as reported to the Commission in 2003 for the year 2002, are included in Appendix B. To finance its regulatory operations, the Commission is authorized to levy and collect an annual fee based proportionally on the gross earnings of each utility. The APSC receipts and disbursements for 2003 are outlined in Appendix C.

This Report is also available on the Commission website www.arkansas.gov/psc.

SECTION 2 - AGENCY ORGANIZATION

The APSC consists of three Commissioners appointed by the Governor for overlapping six-year terms. The agency has 114 regular staff positions divided into two Divisions: the Utilities Division and the Tax Division.

The Commissioners have oversight responsibility for both Divisions. This report addresses Utilities Division activities. The Tax Division submits a separate report biennially.

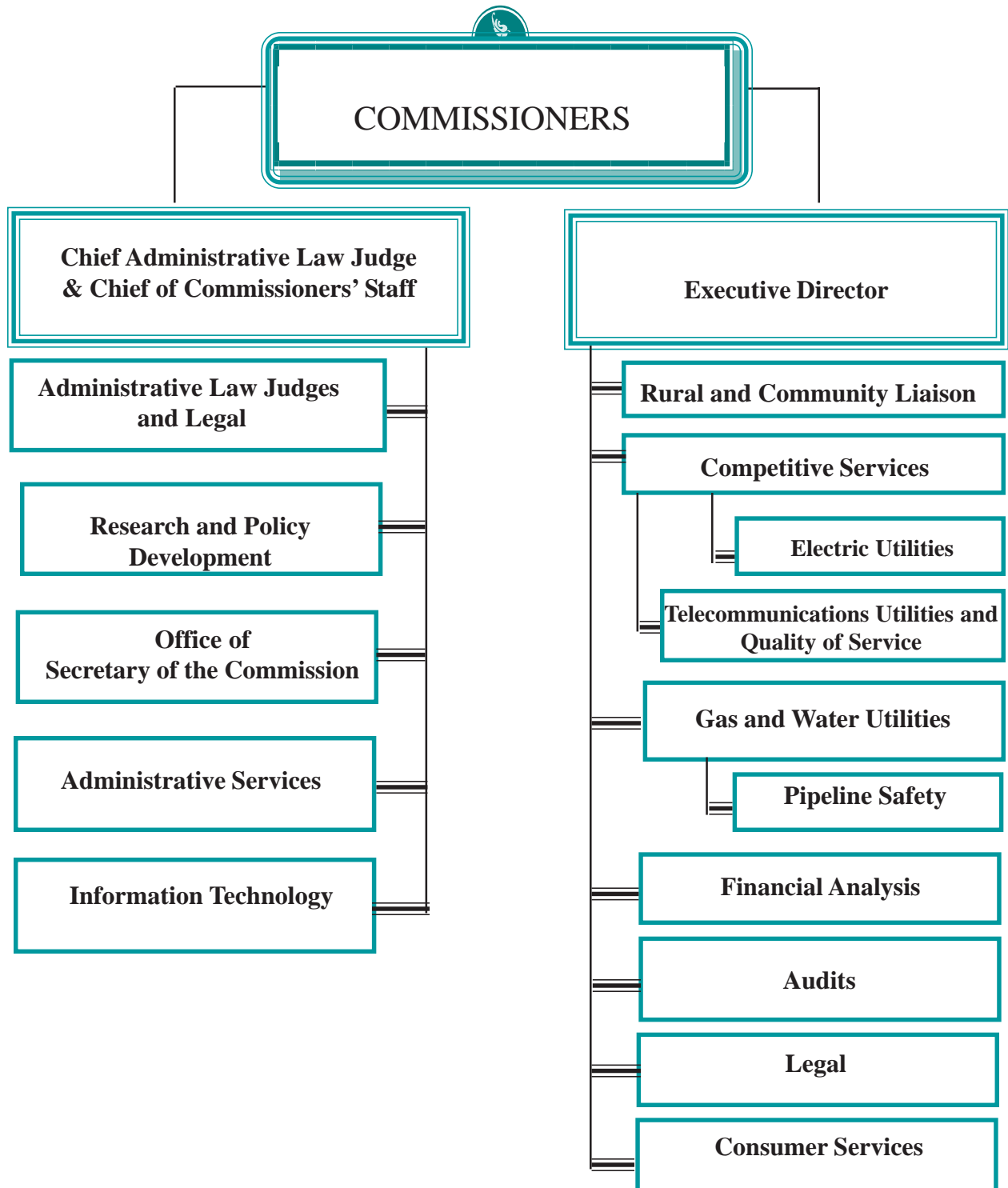
The Utilities Division, including our federally reimbursed Pipeline Safety Office, has 99

authorized regular positions. This total includes the Commissioners and their immediate staff, which encompasses their Administrative Law Judges and Legal Section, Research and Policy Development Section, the Office of the Secretary of the Commission, the Administrative Services Section, the Information Technology Section, and the Executive Director including the seven General Staff Sections. A list of all Sections with their assigned number of positions, the organization chart, and a brief description of the responsibilities of each Section follow.

Position Summary

<u>Organization Component</u>	<u>Number of Positions</u>
Commissioners	3
Commissioners' Staff	
Administrative Law Judges and Legal	7
Research and Policy Development	6
Secretary of the Commission	6
Administrative Services	6
Information Technology	6
Support Staff	2
General Staff	
Executive Director's Office	3
Competitive Services	
Electric Utilities	8
Telecommunications Utilities	3
Quality of Service	3
Gas and Water Utilities	5
Pipeline Safety	7
Financial Analysis	8
Audits	8
Legal	8
Consumer Services	10
Total	99

Organization Chart



COMMISSIONERS

With both quasi-legislative and quasi-judicial authority, the Commissioners render decisions covering a wide spectrum of issues including policy matters, rates, tariffs, territory allocations, utility plant construction sitings and bond issues.

The Commissioners' Staff, under the direction of the Chief Administrative Law Judge, is comprised of five Sections: (1) the Administrative Law Judges and Legal Section; (2) the Research and Policy Development Section; (3) the Office of the Secretary of the Commission; (4) the Administrative Services Section; and (5) the Information Technology Section. Responsibilities of each Section are described below.

COMMISSIONERS' STAFF

Administrative Law Judges and Legal Section

This Section is comprised of Administrative Law Judges and attorneys. The Administrative Law Judges render decisions in dockets delegated to them by order of the Commission. Attorneys in this Section also advise and represent the Commission on various state and federal legal matters.

Research and Policy Development Section

This Section, under the supervision of the Director of Research and Policy Development, is the technical arm of the Commissioners' Staff, with personnel specializing in the telecommunications, electric, natural gas, and water industries, as well as in economic, legal, and accounting matters. This Section provides technical and policy advice to the Commissioners in both state and federal proceedings and actively participates as expert witnesses before the Federal Energy Regulatory Commission. This Section also presents testimony and/or comments on behalf of the Commission before the Federal Communications Commission and the Securities and Exchange Commission.

Office of the Secretary of the Commission

All documents filed with the Commission and all orders issued by the Commission are processed by this Office. Official Commission records such as docket files, tariffs, and annual reports are also maintained in this area. This Office provides the public with access to official Commission records either directly as requested or through the Commission's Internet web site.

Administrative Services Section

Staff members assigned to the Administrative Services Section provide administrative support for the Utilities Division. This Section is comprised of two units: the Fiscal/Personnel Office and the Mail/Supply/Copy Center.

Fiscal/Personnel staff members prepare initial budgets; handle purchasing, accounting, inventory control and payroll; assist in developing assessments for the APSC's operating budget; and assist with the Federal Department of Transportation Pipeline Safety Grant. Maintaining personnel records, screening and processing job applicants, conducting new employee orientation, and coordinating employee training and management classes are other functions performed by the Fiscal/Personnel Office.

The Mail/Supply/Copy Center handles internal mail distribution, photocopying, central supplies, and maintenance of the agency vehicle fleet.

Information Technology Section (IT)

IT is the agent for implementing technology solutions to further Commission initiatives. IT supports the entire agency. The primary missions of IT are personal computer and network operations for general office functions such as office automation, electronic mail, internet research, file and print sharing; system development and maintenance for the Tax Division tax assessment systems; and Commission operations support including enhancing electronic communication with external parties and citizens.

GENERAL STAFF

Office of the Executive Director

The Executive Director is responsible for the overall management of the General Staff of the Utilities Division. Staff members in the Utilities Division perform a wide variety of responsibilities which are accomplished through the seven Sections described below. In addition to the members of these seven Sections, the Rural and Community Liaison position also reports to the Executive Director. The liaison is actively involved in community outreach and educational programs for community, business, and customer groups across the State.

Competitive Services

Competitive Services monitors and evaluates competitive issues and policies as they relate to the electric and telecommunications industries. Staff members in the Electric Utility Section and the Telecommunications and Quality of Service Section provide analytical and technical support in this effort. This group is involved in evaluating the impact of FCC and FERC initiatives and decisions on Arkansas utilities' policies, rates, service reliability, and quality of service and providing information to the Commission regarding the costs and benefits of implementing such federal regulatory commission initiatives. In addition, Staff members are responsible for developing regulations and guidelines necessary to implement state and federal legislative mandates.

Electric Utilities Section

The Electric Utilities Section monitors the activities, operations, costs, and earnings of the four investor-owned and eighteen rural electric cooperatives under the Commission's jurisdiction. Section responsibilities cover all aspects of utility regulation and include determination of revenue requirement, rate design, accounting and finance. Each member of the Section identifies issues, analyzes the impact of those issues on the utility

and the ratepayer, and develops and presents expert testimony before the Commission. The Section also conducts compliance audits for utilities with approved automatic adjustment clauses. Members of this Section perform special project analyses, conduct general and special issue audits and investigations, and provide technical evaluations relating to customer complaints.

Telecommunications Utilities and Quality of Service Section

The Telecommunications and Quality of Service Section is responsible for certification, rate, financial, accounting, technical, and quality of service matters specific to the telecommunications industry and is responsible for power line construction certification, technical, and quality of service matters specific to the electric industry.

Staff members interact with both investor-owned and cooperative electric utilities, local exchange carriers, interexchange carriers, pay telephone service providers and the public. That interaction is necessary to be responsive to changes in the industries, introduction of new services, effects of federal regulatory actions and questions and service problems of the public. This Section conducts an ongoing evaluation of the quality of service provided by both electric utilities and local exchange carriers in Arkansas. That evaluation measures the utilities' performance against the Commission's *General Service Rules* and *Special Rules - Electric* and the carriers' performance against the Commission's *Telecommunications Providers Rules* and is administrated to ensure that each utility and carrier is evaluated at least once every two years.

Natural Gas and Water Utilities Section

The Natural Gas and Water Utilities Section has two distinct functions. Natural Gas and Water Staff members primarily focus on financial and rate matters concerning natural gas, water and sewer utilities. They must understand and evaluate the complex rate structures and the earnings requirements of the three natural gas utilities, four water utilities, and one sewer utility currently under the Commission's jurisdiction. They also conduct

compliance audits for utilities with approved automatic adjustment clauses.

This Section also contains the Pipeline Safety Office. The role of the Pipeline Safety Office members is to ensure that natural gas operators are in compliance with the *Arkansas Gas Pipeline Code*. Compliance is determined through periodic inspections of safety, corrosion, and leakage control which are performed on 21 intra-state natural gas operators and 192 operators covering 353 master-metered gas systems.

Financial Analysis Section

The Financial Analysis Section performs various financial and economic analyses, evaluates depreciation rates and capital recovery issues, assesses the required rate of return and other financing issues for jurisdictional utilities, participates in all rate case proceedings and reviews of earnings levels, conducts focused investigations, and develops Staff's position on various regulatory issues, including nuclear decommissioning and mergers. Staff personnel specialize in utility industries as well as economic, financial, and accounting matters. Each member of the Section presents recommendations to the Commission through pre-filed expert testimony, oral testimony, and cross-examinations during public hearings.

Audits Section

The Audits Section participates in all rate case proceedings. Section staff members conduct extensive reviews, audits, and analyses of rate case applications; conduct ongoing reviews of the earnings levels of public utilities; evaluate transactions between regulated utility companies and their affiliates; and conduct compliance audits.

Legal Section

Attorneys on the General Staff perform a dual function at the Commission. They represent the Staff in proceedings before the Commission and represent the Commission in matters and proceedings outside the Commission, such as appellate cases and appearances before federal regulatory commissions. Additionally, Legal Section attorneys act as Commission hearing officers in certain designated dockets.

Consumer Services Section

The Consumer Services Section works with customers to answer questions and resolve complaints about the rates and services of regulated utilities. Staff members review all complaints for compliance with APSC rules and approved utility tariffs and act as liaisons with utilities in resolving those complaints. This Section also provides educational brochures and materials and makes group presentations as needed.

Another responsibility of the Consumer Services Section is customer service audits of jurisdictional utility companies. The audits consist of a thorough review of utility policies and procedures. The objective is the identification of opportunities for improvement, and recommendations are often made to ensure compliance with Commission Rules. Upon request, Staff members will conduct rules training sessions for utility personnel.

Rural and Community Liaison

The Rural and Community Liaison serves as a communications link between the Commission and utility customers in Arkansas, particularly those in rural areas. The Liaison is responsible for providing information to communities and utility customers concerning utility matters within the jurisdiction of the Commission. The Liaison is also responsible for identifying questions and

concerns that utility customers may have concerning utility issues and communicating those concerns to the Commissioners and the Commission Staff. The Liaison works with stakeholders in rural areas and communities, including legislators, civic and community leaders, customers and customer groups, and utility personnel.

During the past year, the Liaison has met with numerous civic and community organizations, local officials, legislators and rural utility customers throughout the State regarding utility matters and issues pending before the Commission. The Commissioners and the Executive Director have also participated in this community outreach effort visiting with community leaders throughout the State. Since this program began, the Commissioners' outreach efforts have taken the Commissioners and/or their representatives into over 90 communities in 75 counties. Through these efforts, the Commissioners and Staff continue to gain a better understanding of customers' needs and what type of information is necessary to provide answers to their utility questions and concerns.

SECTION 3 - DOCKET SUMMARY & HIGHLIGHTS

As shown in the tables below, 218 new dockets were initiated during 2003 and 626 orders issued. Highlights of the significant proceedings for each industry during 2003 follow.

2003 Docket Activity Summary

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Total
New Dockets	14	20	19	13	11	24	31	9	20	30	8	19	218
Filings	205	211	238	260	270	221	281	288	254	311	185	214	2,938
Hearings	2	1	2	0	1	1	2	3	1	1	2	4	20
Hearing Days	2	1	2	0	1	1	4	3	1	1	2	4	22

Summary Schedule of Orders Issued In 2003

Order Type	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Total
Electric	8	7	10	38	14	12	2	29	15	18	9	6	168
Gas	8	3	3	5	4	3	6	4	4	6	1	0	47
Telephone	42	38	40	24	25	25	40	36	31	38	20	32	391
Water	1	0	0	0	0	0	0	0	0	2	1	0	4
Sewer	1	0	0	0	0	0	0	0	0	2	1	0	4
Other	0	3	0	1	1	0	1	1	1	3	0	1	12
Total	60	51	53	68	44	40	49	70	51	69	32	39	626

Industry Highlights

Electric Industry

In February 2003, the General Assembly enacted The Electric Utility Regulatory Reform Act of 2003 (Act 204) which repealed and amended the various statutes that had previously been enacted to provide for retail electric competition. Act 204 further directed the Commission to commence a rulemaking proceeding to identify and to repeal or amend all rules and regulations adopted by the Commission to facilitate, or in anticipation of, retail electric competition which were inconsistent with, had been rendered unnecessary by, or had been superseded by Act 204.

In response to the directive provided in Act 204, the Commission initiated three separate rulemaking proceedings. The initial proceeding addressed the identification and repeal of certain rules which were rendered unnecessary by Act 204. As a result of that proceeding the following Commission rules were repealed in their entirety: Minimum Filing Requirements Market Power Analysis, Customer Education Guidelines - Electric Market, Minimum Filing Requirements for the Functional Unbundling of Electric Utility Tariffs, Rules for Unbundling Competitive Customer Services, Standard Service Package Guidelines – Electric, Rules Governing Exchange of Data, and Licensing Requirements for Energy Service Providers. The second rulemaking proceeding was initiated to identify and to amend the specific provisions of the Commission's *Transition Cost Guidelines*. While both Act 1556 and Act 204 allowed the recovery of transition costs incurred by electric utilities which were found to be necessary to carry out the electric utilities' responsibilities associated with efforts to implement retail open access, or were mandated by statute or regulation and were not otherwise recoverable, Act 204 limited the period in which transition costs could be incurred, specified a period of time for recovery of transition costs, and otherwise resulted in modifications to the transition cost provisions of Act 1556. In October 2003, the *Transition Cost*

Guidelines, as amended, were approved by the Commission. Southwestern Electric Power Company (SWEPCO), Oklahoma Gas and Electric Company (OG&E), and Entergy Arkansas, Inc. (Entergy) filed transition cost recovery requests. After Staff audit and review and after notice and hearing, the Commission established the level of recoverable transition costs for SWEPCO and OG&E. Entergy's transition cost recovery request is currently pending before the Commission. The third rulemaking proceeding was initiated to identify and to amend the specific provisions of the Commission's *Affiliate Transaction Rules – Electric* and is currently pending before the Commission.

Effective July 1, 2002, Entergy's wholesale contract with the City of North Little Rock, with a load in excess of 200 MW, was terminated. In order to assess the effects, if any, that the disposition of the capacity associated with the City of North Little Rock's load could have on Arkansas retail ratepayers, the Commission ordered Entergy to file an analysis and supporting testimony addressing all the options available for the disposition of this capacity. Entergy filed an analysis and Staff's subsequent review revealed the need for supplemental exhibits and testimony. In March 2003, Entergy filed an application seeking Commission approval of two separate Purchase Power Agreements (PPAs) whereby Entergy Louisiana, Inc. and Entergy New Orleans, Inc. would purchase certain wholesale base load capacity owned by Entergy. Entergy also requested that the proceeding to investigate the disposition of the capacity associated with the City of North Little Rock's load be closed. In May 2003, the Commission conditionally approved the PPAs. In approving the PPAs, the Commission ordered Entergy, through appropriate ratepayer protections to be developed in Phase 2 of the proceeding, to protect ratepayers from any negative effects which may result from the approval of the PPAs due to the operation of Entergy's Energy Cost Recovery Rider, the Grand Gulf Rider, the Arkansas Nuclear One (ANO) Decommissioning Cost Rider, and the

application of the Entergy System Agreement. Phase 2 of the proceeding is currently pending before the Commission.

In January 2003, Entergy filed a Petition for a Declaratory Order Approving the Replacement of the Steam Generator and Reactor Vessel Closure Head at ANO 1. In May 2003, the Commission granted Entergy's petition. The cost of the replacement is estimated to be \$245 million and is expected to take place during 2005.

In October 2003, Entergy requested the Nuclear Regulatory Commission (NRC) extend the license for its ANO Unit 2 for twenty years. Entergy's request is currently pending before the NRC, which in June 2001 granted Entergy's request to extend the license for ANO Unit 1 for twenty years. The Commission suspended the collection of decommissioning funds effective January 1, 2001 and annually reviews the status of license extension and the continued adequacy of the decommissioning trust funds. As of December 31, 2003, the amounts collected and held in external trusts had a market value of \$369 million.

In June 2001, the Louisiana Public Service Commission and the City of New Orleans filed a complaint at the FERC asserting that the "rough equalization" of production costs among the Entergy Operating companies had changed and needed to be reset. On February 6, 2004, the Presiding Judge issued his Initial Decision. The decision, if upheld, could result in significant cost shifts to Arkansas ratepayers. In light of Presiding Judge's Initial Decision, as well as prior FERC rulings which resulted in costs being shifted to Arkansas ratepayers, the Commission initiated an investigative proceeding for the purpose of considering (1) whether Entergy's continued participation in the Entergy System Agreement is in the best interest of its ratepayers; and (2) what steps can be taken by Entergy and this Commission to protect Arkansas ratepayers from future attempts by Louisiana, or any other Entergy retail regulator, to shift its high costs to Arkansas.

In 1984, the Arkansas Electric Cooperative Corporation (AECC) transferred its 35% ownership interest in the Independence Steam Electric Station (ISES 2), an 842 MW coal-fired steam electric generating unit located near Newark in Independence County, Arkansas, to the General Electric Credit

Corporation in conjunction with a "leveraged lease" transaction. In June 2003, AECC filed an application with this Commission to reacquire, at a cost of approximately \$26.5 million, its previously held 35% interest in ISES 2. AECC's application to reacquire this interest was subsequently approved by this Commission and the Rural Utilities Service Corporation.

Act 821 of 1987 generally allows electric distribution cooperatives to implement rate increases of 10 percent or less after giving 90 days notice to its customers and the Commission. During 2003, Clay County Electric Cooperative and South Central Arkansas Electric Cooperative notified the Commission of their intent to increase rates and following the 90-day notification period implemented rate increases of approximately \$641,000 and \$355,000, respectively.

Gas Industry

In November 2002, Arkansas Western Gas filed an application for a rate increase of approximately \$11 million. Following its investigation, Staff filed written testimony and exhibits containing its recommendations. The parties entered into settlement discussions and reached a partial settlement. A public hearing was held to consider the settlement. In September 2003, the Commission approved the settlement with certain modifications. The final amount of the rate increase was approximately \$4 million.

In late 2002, a docket was opened to investigate the purchased gas cost issues that were severed from Arkansas Oklahoma Gas Corporation's (AOG's) recent rate case. The purpose of the docket was to determine whether AOG's gas purchasing practices were reasonable and in compliance with applicable law. In particular, Staff proposed to investigate whether AOG was purchasing gas from the lowest or most advantageous market as required by Ark. Code Ann. §23-15-103. After an in-depth evaluation of AOG's purchasing practices, Staff concluded that there have been no overpayments and that no further action is warranted. Also during 2003, AOG requested approval to construct, operate, and maintain a natural gas pipeline in Sebastian County. AOG stated the pipeline was needed to increase the

volume of gas connected directly to AOG's system, receive more on-system gas into AOG's high-pressure system, and allow AOG to maximize receipts from an interstate pipeline at other locations closer to Fort Smith. Based on Staff's recommendations, the Commission approved AOG's request. Also, the Commission approved AOG's request to change the way in which it estimated customer bills.

The Commission's Natural Gas Procurement Plan Rules are designed to guide the natural gas utilities in their purchasing decisions and direct the natural gas utilities to develop diversified gas supply portfolios. After an evaluation of the gas supply portfolios, Staff determined that all three natural gas utilities have developed plans consistent with the Commission's Procurement Plan Rules.

In an attempt to avoid or reduce by-pass of CenterPoint Energy Arkla's system, two dockets were initiated by Arkla pursuant to the Commission's Promotional Practice Rules. Under the Promotional Practice Rules, utilities are allowed to negotiate transportation service contracts with individual customers. Generally, the negotiated contracts contain rates that are lower than Arkla's tariffed rates. Staff evaluated both requests using the requirements of the Promotional Practice Rules, and subsequently the requests were approved by the Commission. During 2002, Arkla initiated two dockets to address billing issues for certain agricultural business customers and off-peak summer customers. The Commission approved an altered billing method for those agricultural business customers which better matched customer production to gas consumed. In January 2003, the Commission also approved the creation of an additional rate class for certain small commercial off-peak summer customers which recognized those customers' unique consumption pattern.

Early in 2004, Arkla filed a docket concerning certain upstream supply contracts with its affiliate, CenterPoint Energy Gas Transmission. These contracts represent the majority of Arkla's upstream supply costs. Arkla has requested that the Commission approve its process to determine whether to renegotiate these contracts and the resulting recommendations. The filing of written testimony and a public hearing have been scheduled for April, 2004.

Telecommunications Industry

Of the 218 new dockets filed with the Commission, 149 were telecommunications cases. The number of competitive local exchange carriers (CLECs) continued to grow. Twenty-eight entities filed applications for authority to operate as CLECs and 14 were authorized. The number of authorized CLECs, at 122, exceeds the number of incumbent local exchange carriers (ILECs) at 30. One CLEC is also an ILEC and 6 CLECs are affiliated with 19 ILECs.

CLECs continued to expand their operating areas. While most CLECs operate in the territory of Southwestern Bell Telephone, L.P., at least 31 CLECs have approved interconnection agreements to operate in the territories of the two largest CenturyTel ILECs, and 47 CLECs have approved interconnection agreements to operate in the territories of 14 rural ILECs.

Forty-one new interconnection agreements became effective. This includes 18 CLECs adopting Southwestern Bell's A2A 271 Interconnection Agreement.

Act 1769 of 2001 required the Commission to establish calling plans in telephone exchanges. The Commission adopted the Rural Saver Optional Calling Plan (RSOCP) jointly proposed by ILECs, the Attorney General's, and the General Staff. The RSOCP is a discounted residential calling plan originally providing 60 minutes of intraLATA calling to a customer's county seat and other exchanges within 41 miles. The plan was generally available in June 2002 and by October 2002 was being offered to customers in all of the 280 exchanges with no more than 2,600 total access lines. Through February 2003, only 3,818 customers had signed on for the RSOCP at 60 minutes. As a result of the low take rate the ILECs filed a Joint Application for a Temporary, Partial Exemption from the Telephone Provider Rules (TPRs) to expand the monthly minutes of calling from 60 to 120 and to increase the exchange size from 2,600 to 3,000. In August 2003, the Commission approved the ILEC's Joint Application thereby expanding the RSOCP plan as requested.

Act 1771 of 2001 required the Commission to establish a grant program for the extension of

facilities to persons unserved by the wireline services of an eligible telecommunications carrier. The Commission adopted the program jointly proposed by a majority of the ILECs and Staff. Grants totaling \$367,546 were disbursed to serve 30 applicants in 2003.

In March 2003, CenturyTel of Northwest Arkansas, LLC. (CNA) requested an increase in rates of \$35,796,567 or 300 percent. After its investigation, Staff filed testimony supporting an increase of \$3,127,048. In December 2003, the parties to the docket filed a Joint Motion to approve a Stipulation and Settlement Agreement in the amount of \$3,127,048. In January 2004, the Commission approved the Stipulation and Settlement Agreement.

The General Staff (Staff) requested the Commission approve an Extended Area Service (EAS) proposal submitted by Southwestern Bell Telephone, L.P. d/b/a SBC Arkansas in August 2003. SBC had proposed EAS between its Concord, Greers Ferry and Heber Springs exchanges. In September 2003, the Commission approved SBC's proposal.

In August 2003, ALLTEL Communications, Inc. (ALLTEL) filed an application for designation as an Eligible Telecommunications Carrier (ETC) pursuant to §214(e)(2) of the Communications Act of 1934, as amended. ALLTEL sought ETC designation for Federal Universal Service Fund (USF) support throughout its licensed service areas in the State of Arkansas in wire centers served by SBC, CenturyTel of Northwest Arkansas, LLC, and CenturyTel of Central Arkansas, LLC. ALLTEL provides Commercial Mobile Radiotelephone Service (CMRS), also referred to as wireless and cellular service, in Arkansas Cellular Market Areas (CMAs) serving Little Rock/ North Little Rock, Fort Smith, Fayetteville/Springdale, Pine Bluff and Arkansas Rural Service Areas. In December 2003, a Presiding Officer for this Commission issued an order granting ALLTEL Communications, Inc., ETC status the requested cellular markets.

In August 2003, NPCR, Inc. d/b/a Nextel Partners (Nextel) filed a request for designation as an ETC in Arkansas for the purpose of receiving support from the federal Universal Service Fund. Nextel is a CMRS or wireless carrier and was seeking ETC status for certain wire centers in a SBC study

area. In December 2003, the Presiding Officer in this docket granted Nextel ETC status in the exchanges of SBC Arkansas.

In November 2003, the Federal Communications Commission (FCC) issued its Memorandum and Opinion Order (Order) regarding wireline to wireless number portability. That Order concluded that, as of November 2003, local exchange carriers (LECs) providing service within the Nation's 100 largest Metropolitan Statistical Areas (MSAs) must port numbers to wireless carriers where the requesting wireless carrier's coverage area overlaps the geographic location of the rate center in which the customer's wireline number is provisioned. As a result of this Order, CenturyTel of Central Arkansas, LLC (CenturyTel) filed a request to this Commission for a suspension of the FCC's Order requiring it to implement wireline to wireless number portability. Arkansas Telephone Company, Madison County Telephone Company, Mt. View Telephone Company, Ritter Telephone Company and Yell County Telephone Company (ILECs), collectively requested the same suspension of the Order. In December 2003, the Commission issued an Order granting the request of Yell County Telephone Company and Ritter Telephone Company and denying the request of CenturyTel. The Commission also determined that the requests of Arkansas Telephone Company, Mt. View Telephone Company and Madison Telephone Company to be moot since they have no exchanges in the top 100 MSAs.

Water & Sewer Industry

United Water Arkansas, Inc., the largest water utility regulated by the Commission, filed an application for a rate increase of approximately \$1,650,000. Staff is currently investigating the application and will file written testimony and exhibits containing its recommendations in accordance with a procedural schedule established by the Commission. A public comment hearing is scheduled in Pine Bluff to give United Water's customers an opportunity to comment on the proposed rate increase and other matters.

SECTION 4 - COMMISSION REVIEW OF UTILITY OPERATIONS

In addition to performing investigations in conjunction with dockets initiated at the Commission, General Staff conducts ongoing investigations of natural gas pipeline safety, utility quality of service, and the use of automatic recovery mechanisms, as outlined below.

Electric Quality of Service Reviews

Staff members perform quality of service inspections of the electric cooperatives and investor-owned utilities to ensure compliance with the Commission's *General Service Rules* and its *Special Rules - Electric*. Quality of service is measured against the standards established by the Commission in those rules. The standards cover items such as the acceptable range of secondary voltages provided to customers, the minimization of electrical conductive and inductive effects, and the mapping and maintenance of transmission and distribution facilities including pole identification, right-of-way clearing and substation record keeping. Staff members also examine complaint and outage records, meter testing facilities and utility equipment.

In 2003, eleven quality of service reviews were conducted on ten electric cooperatives and one investor-owned utility.

Gas Pipeline Safety Inspections

Pursuant to an agreement with the U. S. Department of Transportation and the authority granted by the Arkansas Natural Gas Pipeline Safety Act of 1971, the Commission's Pipeline Safety Office inspected numerous intrastate natural gas operators and master metered gas systems for quality control of operating safety, gas leakage, and the control of corrosion. The inspections evaluate gas operators' compliance with the *Arkansas Gas Pipeline Code*. Accidents related to natural gas

are investigated and reports are prepared to ensure compliance with all Commission standards of quality and safety. During 2003, Pipeline Safety Staff performed 41 pipeline safety inspections and 148 inspections of master metered systems. Corrections of reported deficiencies are monitored until they are completed. In addition to required inspections, Pipeline Safety Staff provide technical assistance by investigating customer complaints of inadequate service quality.

Telecommunications Quality of Service Reviews

Staff conducts ongoing evaluations of the quality of service provided by both incumbent and competitive local exchange carriers in Arkansas. The Commission's *Telecommunications Providers Rules* establish standards in areas which include: (1) noise and loss associated with customer lines and network circuits; (2) capacity and operations of switching machines; (3) methods and quality of new construction; (4) responses to requests for service connection; (5) restoration of service; and (6) general maintenance of facilities. An evaluation of each company is conducted at least once every two years to compare their performance against these standards.

During 2003, quality of service reviews were conducted in 128 exchange areas of 13 incumbent local exchange carriers and in areas served by two competing local exchange carriers. Staff members reviewed maintenance programs and conducted service tests and inspections of both central office and outside plant operations, and of transmission quality. Where deficiencies were found, each company submitted corrective action reports to correct the noted problems. Follow-up reviews were conducted as required to ensure problems were corrected and performance was improved.

Compliance Audits

Under the authority of Ark. Code Ann. §23-4-108, public utilities apply Commission-approved automatic adjustment clauses to certain charges collected from ratepayers. Electric and gas utilities currently apply automatic adjustments to the charges recovered from their ratepayers for the cost of fuel, electric distribution cooperatives for the cost of debt, and water utilities for the cost of pumping.

The General Staff's audit procedures ensure that the adjustment amounts and their recovery are in compliance with the utilities' tariffs as approved by the Commission. The audit procedures meet the requirements of Section 115 (e) of the Public Utility Regulatory Policies Act (PURPA) of 1978, which requires that automatic adjustment clauses be reviewed "not less than every two years". In addition to the biennial review required by PURPA, the General Staff conducts monthly and quarterly desk audits of all cost of fuel, cost of debt, and cost of pumping water adjustments.

During 2003, the General Staff completed 343 monthly and quarterly desk audits and conducted eight biennial reviews of gas automatic adjustment mechanisms. Additionally, Staff has initiated audits of Arkla's Main Replacement Program and the Temporary Low Income Customer Gas Reconnection Program as implemented by the natural gas utilities.

Section 5 - Consumer Services

Informal Customer Complaints and Inquiries

During 2003, 47,159 Arkansas customers contacted Consumer Services regarding utility issues. Of the 47,159 contacts, 4,384, or 9%, were classified as informal complaints. Twenty-five percent of the contacts were customers requesting information or referral to another agency. Referrals to utilities, 24% of the contacts, were made consistent with the requirement of Ark. Code Ann. §23-3-119, which provides that “every complainant shall, before filing a complaint, make a good faith effort to informally resolve with the respondent the situation complained of.”

Although complaints represent only 9% of all contacts through Consumer Services, they require significant amounts of time and resources. Complaints involve numerous contacts with utility personnel and General Staff members, as well as extensive research to ensure compliance with Commission rules and approved tariffs. Many also require additional technical analysis, field investigation, and written reports. Billing complaints continue to represent the greatest portion of complaints for each industry, followed by complaints regarding service quality and requests for service.

Formal Complaints

During 2003, six formal complaints were filed with the Commission. Three customers jointly filed a complaint against Carroll Electric Cooperative seeking to be served by a different electric utility; two competitive local exchange carriers filed complaints against Southwestern Bell Telephone Company regarding interconnection agreements; a natural gas marketing company and an association of industrial gas consumers each filed formal com-

plaints regarding pooling agreements with Arkansas Oklahoma Gas Corporation; and the Century Telephone companies in Arkansas filed a formal complaint against Entergy Arkansas, Inc.

Consumer Services Review of Compliance with APSC General Service Rules and Telecommunications Providers Rules

Compliance inspections regarding specific issues were performed on one electric utility, two gas utilities, and one local exchange telephone company. These inspections resulted in corrective action being taken by the utilities in response to the findings made by Staff. Additionally, Staff members conducted intensive training on the Commission’s rules for utility personnel at one gas utility and one electric utility.

Other Dockets

In 2003, Consumer Services participated in four proceedings before the Commission. These proceedings involved changes in utility fees, charges, procedures, and requests for exemptions from specific Commission rules.

Informal Customer Complaint Summary

The following tables provide the total written and verbal informal complaints by type and by industry:

Year Ended December 31, 2003

Written Informal Complaints

Type	Telephone	Electric	Gas	Water	Other	Total
Billing	209	71	70	3	0	353
Service Quality	17	11	5	0	0	33
Service Requests	18	4	4	0	0	26
Slam	42	0	0	0	1	43
NonJurisdictional	20	12	2	0	5	39
Miscellaneous	20	5	0	0	28	53
Totals	326	103	81	3	34	547

Verbal Informal Complaints

Type	Telephone	Electric	Gas	Water	Other	Total
Billing	1,034	604	579	41	0	2,258
Service Quality	173	73	69	5	0	320
Service Requests	159	99	151	4	0	413
Slam	707	0	0	0	2	709
NonJurisdictional	36	16	12	0	1	65
Miscellaneous	36	14	6	1	15	72
Totals	2,145	806	817	51	18	3,837
Total Informal Complaints	2,471	909	898	54	52	4,384

2003 Electric Industry Informal Complaints

			Company	Company	Company		Complaints
	Arkansas	Complaints	Action	Action	Action		Per 1000
Company	Customers	To APSC	Correct	Incorrect	Modified	Misc.	Customers
Arkansas Electric Coop. Corp.	18	0	0	0	0	0	0.00
Ark. Valley Electric Coop. Corp.	46,682	33	16	2	13	2	0.71
Ashley-Chicot Electric Coop., Inc.	5,113	4	4	0	0	0	0.78
C & L Electric Coop. Corp.	20,329	25	18	2	4	1	1.23
Carroll Electric Coop. Corp.	68,751	15	8	4	2	1	0.22
Clay County Electric Coop. Corp.	12,199	3	2	0	0	1	0.25
Craighead Electric Coop. Corp.	26,611	10	6	1	2	1	0.38
Empire District Electric Co.	3,867	3	3	0	0	0	0.78
Entergy Arkansas, Inc.	650,587	566	275	94	169	28	0.87
Farmers Electric Coop. Corp.	5,332	4	4	0	0	0	0.75
First Electric Coop. Corp.	70,177	51	28	5	16	2	0.73
Mississippi County Electric Coop.	4,332	0	0	0	0	0	0.00
North Ark. Electric Coop., Inc.	32,035	8	6	2	0	0	0.25
Oklahoma Gas & Electric	61,128	82	58	14	9	1	1.34
Ouachita Electric Coop. Corp.	9,350	2	1	0	1	0	0.21
Ozarks Electric Coop. Corp.	41,976	19	12	2	3	2	0.45
Petit Jean Electric Coop. Corp.	17,913	3	0	1	2	0	0.17
Rich Mountain Electric Coop., Inc.	7,322	2	1	0	0	1	0.27
South Central Ark. Electric Coop.	9,548	2	0	0	2	0	0.21
Southwest Ark. Electric Coop. Corp.	24,048	12	8	1	1	2	0.50
Southwestern Electric Power Co.	103,187	61	30	12	14	5	0.59
Woodruff Electric Coop. Corp.	18,600	4	2	2	0	0	0.22
TOTALS	1,239,105	909	482	142	238	47	N/A

2003 Gas Industry Informal Complaints

Company	Arkansas Customers	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Customers
Arkansas Oklahoma Gas Corp.	46,910	40	25	7	6	2	0.85
Arkansas Western Gas Co. (Northwest and Northeast Ark. Regions)	136,681	14	10	1	2	1	0.10
Centerpoint Energy Arkla	436,968	847	519	83	211	34	1.94
TOTALS	620,559	901	554	91	219	37	N/A

2003 Water and Sewer Industry Informal Complaints

Company	Arkansas Customers	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Customers
Riviera Utilities of Ark. Inc.	1,946	0	0	0	0	0	0.00
Sebastian Lake Public Utility Co.	90	0	0	0	0	0	0.00
Shumaker Public Service Corp.	595	0	0	0	0	0	0.00
United Water Arkansas, Inc.	19,028	54	24	14	14	2	2.84
TOTALS	21,659	54	24	14	14	2	N/A

**2003 Telephone Industry - Incumbent Local Exchange Carriers (ILEC)
Informal Complaints**

Company	Arkansas Access Lines *	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Customers
Alltel Arkansas, Inc.	107,871	59	14	26	16	3	0.55
Ark. Telephone Co., Inc.	8,842	2	2	0	0	0	0.23
Central Ark. Telephone Coop., Inc.	3,234	2	1	1	0	0	0.62
CenturyTel **	260,973	241	110	67	44	20	0.92
Cleveland County Telephone Co., Inc.	3,796	2	1	0	1	0	0.53
Decatur Telephone Co., Inc.	1,321	0	0	0	0	0	0.00
E. Ritter Telephone Co.	4,941	1	0	0	1	0	0.20
dba Ritter Telephone Co.							
Lavaca Telephone Co. Inc.	1,863	1	0	0	0	1	0.54
dba Pinnacle Communications							
Madison County Telephone Co.	3,799	1	1	0	0	0	0.26
Magazine Telephone Co.	1,064	0	0	0	0	0	0.00
Mountain View Telephone Co.	7,574	2	2	0	0	0	0.26
Northern Ark. Telephone Co., Inc.	7,925	6	6	0	0	0	0.76
Ozark Telephone Co. of Missouri	130	0	0	0	0	0	0.00
Prairie Grove Telephone Co.	9,877	0	0	0	0	0	0.00
Rice Belt Telephone Co., Inc.	1,044	0	0	0	0	0	0.00
Scott County Telephone Co., Inc.	118	0	0	0	0	0	0.00
South Ark. Telephone Co., Inc.	3,983	2	1	0	1	0	0.50
Southwest Ark. Telephone Coop., Inc.	5,886	1	1	0	0	0	0.17
Southwestern Bell Telephone Co.	874,704	535	245	136	101	53	0.61
Tri-County Telephone Co., Inc.	7,122	0	0	0	0	0	0.00
Valor Telecommunications of TX, LP	17,669	14	2	6	6	0	0.79
Walnut Hill Telephone Co.	5,511	1	1	0	0	0	0.18
Yelcot Telephone Co., Inc.	4,181	1	0	0	1	0	0.24
Yell County Telephone Co.	5,824	0	0	0	0	0	0.00
TOTALS	1,349,252	871	387	236	171	77	N/A

* - Access lines based on 2002 Annual Reports

** - Includes All CenturyTel Companies

**2003 Telephone Industry - Competitive Local Exchange Carriers (CLEC)
Informal Complaints**

Company	Arkansas Access Lines *	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.	Complaints Per 1000 Customers
Adelphia Business Solutions Investment, LLC	5,887	2	0	1	1	0	0.34
AT&T Communications of the Southwest, Inc.	N/A	275	135	60	68	12	N/A
A-Tech Telecom, Inc.	35	2	1	0	0	1	57.14
Basic Phone, Inc.	547	5	2	3	0	0	9.14
Bellerud Communications, LLC	19	1	1	0	0	0	52.63
Budget Phone, Inc.	N/A	7	2	4	1	0	N/A
Business Telecom, Inc.	N/A	1	0	1	0	0	N/A
dba BTI Telecommunications Services							
CAT Communications International, Inc	328	1	0	1	0	0	3.05
Comm South Companies, Inc.	1,037	6	1	3	1	1	5.79
dba Arkansas Comm South, Inc.							
Delta Phones, Inc.	105,139	12	3	9	0	0	0.11
Excel Telecommunications, Inc.	4,993	161	25	108	26	2	32.25
HomeTel, Inc.	4,461	2	1	0	1	0	0.45
Integrated Telecommunications Services LLC	1,958	3	1	0	2	0	1.53
M.L.M. Telecommunications, Inc.	935	10	3	6	1	0	10.70
dba Ameritel, Your Phone Co.							
Max-Tel Communications, Inc.	218	2	1	1	0	0	9.17
MCImetro Access Transmission Services Company, LLC**	22,800	363	85	154	114	10	15.92
McLeodUSA Telecommunications Services	1,277	3	0	3	0	0	2.35
Navigator Telecommunication, LLC	N/A	6	2	2	2	0	N/A
NOS Communications, Inc.	240	2	1	0	1	0	8.33
dba 011 Communications							
NuVox Communications of Arkansas, Inc.	3,948	4	0	3	1	0	1.01
Sage Telecom, Inc.	N/A	127	45	52	30	0	N/A
SBC Advanced Solutions, Inc.	N/A	14	1	6	5	2	N/A
Southern Telcom Network, Inc.	1,156	3	0	1	2	0	2.60
dba STN Long Distance							
Sprint Communications Company, LP	N/A	66	19	25	22	0	N/A
Talk America, Inc	47	3	1	2	0	0	63.83
Thielepape, Harry	N/A	1	0	1	0	0	N/A
dba State Discount Telephone							
Vantage Telecom, LLC	606	5	1	3	1	0	8.25
dba NewRoads Telecom, Inc.							
VarTec Telecom, Inc.	2,544	62	11	37	11	3	24.37
Xspedius Manaagement Co. Switched Services, LLC	2,878	1	0	1	0	0	0.35
Z-Tel Communications, Inc.	N/A	4	3	1	0	0	N/A
TOTALS	161,053	1,154	345	488	290	31	N/A

* - Access lines based on 2002 Annual Reports

** - Includes all MCI Companies

**2003 Telephone Industry - Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Informal Complaints**

Company	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.
ACN Communication Services, Inc.	4	1	1	2	0
Acess Point, Inc.	1	0	0	1	0
Advantage Telecommunications Corporation	121	30	43	48	0
Affinity Network, Inc.	1	0	0	1	0
dba Horizon One Communications					
dba Quantumlink Communications					
Airnex Communications, Inc.	2	0	1	1	0
Alliance Group Services, Inc.	1	0	0	1	0
American Telecommunications Systems, Inc.	2	0	2	0	0
America's Digital Satellite Telephone	4	1	1	2	0
Amerivision Communications, Inc.	1	1	0	0	0
dba Lifeline Communications, Inc.					
Atlas Communications, LTD	1	1	0	0	0
BAK Communications	1	0	1	0	0
Bell Atlantic Communications, Inc.	2	1	0	1	0
dba Verizon Long Distance					
Broadwing Telecommunications, Inc.	3	0	2	1	0
Communications Billing, Inc.	1	0	1	0	0
Communigroup of Arkansas, Inc.	1	0	0	1	0
Coordinated Billing Service	15	5	5	5	0
Covista, Inc.	1	0	1	0	0
Enhanced Communications	1	1	0	0	0
Evercom Systems, Inc.	2	1	1	0	0
Expitar Communications Corp	1	0	1	0	0
Familytel of Arkansas, Inc.	1	1	0	0	0
Global Crossing North American Networks, Inc.	8	6	2	0	0
IDT America Corporation	16	5	8	3	0
Intellicall Operator Services, Inc.	2	2	0	0	0
LCR Telecommunications, LLC	20	0	7	13	0
Least Cost Routing, Inc.	3	0	2	1	0
Legacy Long Distance International, Inc.	1	0	0	1	0
Lightyear Telecommunications, Inc	1	1	0	0	0
Long Distance consolidated Billing Company	2	1	1	0	0
Matrix Telecom	1	1	0	0	0
Miko Telephone Communications, Inc.	22	3	4	13	2
New Century Telecom, Inc.	17	8	5	4	0
Norstar Communications, Inc.	1	0	0	1	0
NOSVA Limited Partnership	2	0	1	1	0
dba CierraCom Systems					
OCMC, Inc	2	1	0	0	1
dba Opticom					
dba 1-800-Max Save					
dba Advantel					
dba LiveTel					
dba Region Tel					
dba SuperTel					
OPEX Communications, Inc.	3	0	2	0	1

**2003 Telephone Industry - Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Informal Complaints (Continued)**

Company	Complaints To APSC	Company Action Correct	Company Action Incorrect	Company Action Modified	Misc.
Optical Telephone Corporation	17	6	5	6	0
Payphones of Arkansas, LLC	1	0	0	1	0
Paytel, Inc.	1	0	0	1	0
Peak Communications, Inc.	1	1	0	0	0
PNG Telecommunications, Inc.	1	0	0	1	0
dba PowerNet Global Communications					
Primus Telecommunications, Inc.	3	1	2	0	0
Qwest Communications Corporation	16	5	5	4	2
Southwestern Bell Communications Services, Inc.	34	12	6	11	5
dba Nevada Bell Long Distance					
dba Pacific Bell Long Distance					
dba SBC Long Distance					
dba Southwestern Bell Long Distance					
Teleconnect Long Distance Services and System Company	5	0	3	2	0
dba Telcom*USA					
The Free Network	1	0	0	1	0
Touchtone Communications, Inc.	2	0	2	0	0
Tri-M Communications	1	1	0	0	0
TTI National, Inc.	1	1	0	0	0
UKI Communications, Inc.	31	11	16	4	0
Uni-Tel Communications Group, Inc.	1	0	1	0	0
U. S. Telecom Long Distance, Inc.	33	25	7	1	0
USLD Communications, Inc.	1	1	0	0	0
UTI Incorporated	8	0	8	0	0
Wiltel Communicaitons, LLC	7	1	0	0	6
Working Assets Long Distance	2	1	0	1	0
World Communications Satellite Systems, Inc.	2	0	1	1	0
Worldxchange Corporation	6	2	2	2	0
TOTALS	443	139	150	137	17

SECTION 6 - FEDERAL AGENCY AND CONGRESSIONAL ACTIVITY

The APSC participates before federal regulatory agencies with a focus on proceedings which affect jurisdictional oversight and cost allocation. The following are the most significant proceedings in which the APSC participated.

Federal Energy Regulatory Commission (FERC)

Docket No. EC98-40, Docket No., ER98-2770, and Docket No. ER98-2786
American Electric Power Co. (AEP), Central and South West (CSW)

AEP and CSW filed their notice of merger application in May 1998. One of the FERC conditions on the merger approval included a provision that the resulting company join a Regional Transmission Organization (RTO), and certain other protections designed to prevent an abuse of market power. In November 2003, FERC issued an Order preliminarily asserting FERC preemptive authority over state law requirements on RTO membership and public interest determinations. The FERC Order sets certain issues for hearing and requires AEP (East) to integrate into and join the Pennsylvania-New Jersey-Maryland RTO. The Arkansas, Mississippi and Louisiana Commissions (among others) filed joint petitions for rehearing and legal briefs in December 2003, opposing the action by FERC citing a lack of federal statutory authority to take such preemptive action.

Docket No. EC03-131
Oklahoma Gas & Electric (OG&E)

OG&E filed a Sec. 203 application to acquire 77% of the 520 MW generator (or 400 MW), NRG McClain, in August 2003. OG&E

acted in part due to an order of the Oklahoma Corporation Commission that the utility must acquire 400 MW by a date certain or face financial penalties. FERC determined under the Merger Policy Statement that the purchase may increase OG&E's vertical and horizontal market power, and that mitigation would be necessary. The docket is set for hearing in August 2004. The APSC intervened in December 2003 due to the implications of this particular assertion of FERC jurisdiction over matters pertaining to state jurisdictional resource adequacy and generation planning in the states of Oklahoma and Arkansas.

Docket No. EL01-88
Louisiana Public Service Commission (LPSC)/ City of New Orleans (CNO) v Entergy

The Louisiana Public Service Commission and the City of New Orleans filed this complaint in June 2001 as part of the partial settlement arrived at in Docket No. EL00-66. The LPSC/CNO parties assert that the "rough equalization" of production costs among the Entergy Operating companies has changed due to circumstances and needs to be reset. The APSC took the position that, over time, costs have been and will continue to be in "rough" equalization. The hearing concluded in August 2003. The Initial Decision was issued in February 2004 redefining "rough equalization" limitations which could result in significant cost shifts to Arkansas ratepayers. The Commission will ask for reconsideration of that Initial Ruling.

Docket No. EL02-89
Tenaska Power Services vs. Southwest Power Pool (SPP)

Tenaska filed a complaint in May 2002 complaining the Southwest Power Pool violated the provisions of its OATT. Tenaska had been taking

long-term (one year), firm transmission service under the OATT and asked for timely renewal of that contract. SPP prepared a study showing that the capacity was no longer available and denied the service request. Tenaska asserts the SPP must honor the rollover request. FERC granted Tenaska's complaint in July 2002 on the grounds that SPP did not reserve capacity for load growth in its original service agreement, and that, as the transmission provider, it must assure capacity for its long-term customers. In February 2003, FERC denied motions for rehearing.

Docket No. EL02-101
Cleco, et. al.

The SeTrans companies (which include Entergy) filed a petition for a declaratory order in June 2002 outlining the basic framework for a RTO in the southeastern region of the country. Entergy joined with this group of companies when FERC rejected a previous attempt to join with the Southwest Power Pool to create an RTO that would encompass Arkansas and parts of surrounding states.

The Commission intervened in EL02-101 in July. In October, FERC granted the petition. The governance proposal, including the selection of the Independent System Administrator, the selection process for the Independent Market Monitor, the market design structure, including the use of Locational Marginal Pricing, the initiation of day ahead and real time markets, use of tradable Financial Transmission Rights, and regionally coordinated planning, were all approved by FERC in the fall of 2002. Composition of the Stakeholder Advisory Committee (SAC) was modified so that any member corporate entity may hold only one seat on the SAC, regardless of how many different stakeholder affiliates that corporate entity may have. Participant Funding of transmission expansion was also approved in concept. The SeTrans sponsors were subsequently instructed to work with their state regulators and stakeholders to address unresolved issues. In December 2003, the sponsors terminated continued SeTrans development efforts due to the inability to resolve certain federal-state jurisdictional

conflicts and obtain the requisite statutory approvals of their respective state regulatory commissions.
Docket No. EL02-107
Duke Energy vs. Entergy Services, Inc.

In July 2002, four Duke Energy affiliates filed a complaint against Entergy. Duke asserts that Entergy's Interconnection Agreement violates FERC transmission pricing policy. Entergy requires Duke to fund incremental transmission network upgrades and also charges embedded-cost rates for transmission service, which violates FERC's policy opposing "and" pricing. Duke seeks to be charged either incremental or embedded costs, but not both. Duke asks that its funding of network upgrades be refunded with interest through transmission credits. In January 2003, FERC issued an Order directing Entergy to refund \$29 million in upgrade costs, which FERC reclassified as network upgrades, with interest, through transmission service credits.

Docket No. EL03-132
Entergy Services, Inc.

Entergy Services, Inc. filed in June 2003 a petition for a declaratory order to provide guidance on a proposed weekly procurement process. Each week, Entergy proposed to solicit bids to purchase power for the following week. An Independent Procurement Monitor (IPM) would assess the fairness of each weekly auction and limit any exercise of market power by Entergy. The IPM would also engage in the transmission planning process. With an IPM, Entergy will also request approval for the implementation of participant funding.

The APSC filed in general support of the weekly procurement proposal, while also commenting on the need for retention of existing state regulatory jurisdiction and state approval of the IPM. FERC issued an Order in September generally supportive of the direction of Entergy's proposal. The docket is still ongoing at the FERC and will likely also become intertwined with, or consolidated with, any Entergy proposals for implementation of an Independent System Administer approach on its system during 2004.

Docket No. ER02-1420

Midwest Independent System Operator, Inc. (MISO)

In March 2002, MISO and SPP filed with FERC an application for approval of the consolidation or merger of the two organizations, to form the temporarily named "Resulting Company." In May 2002, FERC issued an order that, among other things, directed AEP to explain in 15 days why SWEPCO (and Public Service Oklahoma) should not be required to join the Resulting Company RTO. The APSC filed a motion for reconsideration. The APSC argued that this portion of the Order should be withdrawn as there is no showing that the Resulting Company RTO is the most appropriate RTO for SWEPCO or even whether joining any RTO will benefit SWEPCO's ratepayers. Settlement Judge procedures were scheduled for January 2003. In March 2003, the ALJ terminated the settlement process.

Docket No. ER02-2014

Entergy Services, Inc.

Entergy Services, Inc. filed in January 2003 a revision to its Open Access Transmission Tariff (OATT) to address local transmission constraints on its transmission system using Generating Operating Limits (GOL). The GOL establish for each merchant generator the amount of power output allowed without conducting an impact study. The APSC intervened in February 2003. FERC issued an order in March accepting the revised GOL procedures and requiring the filing of a new tariff attachment and further study.

Docket No. ER03-262-000

The New PJM Companies and PJM Interconnection

AEP, Commonwealth Edison, Dayton Power and Light, and Virginia Power (the New PJM companies) and PJM Interconnection (PJM, a Regional Transmission Organization) filed for approval to join the PJM and make certain changes in the PJM Agreements in late December 2002. In

March 2003 the Michigan, Ohio and Pennsylvania commissions jointly filed a motion for relief, asking FERC to enforce the merger conditions of AEP to join an RTO, to resolve federal/state jurisdictional disputes, and to resolve seams issues. The Arkansas and Louisiana Commissions filed a joint intervention and protest of the motion of the Michigan, Ohio and Pennsylvania commissions asserting that FERC does not have the authority to order utilities into an RTO without state approval. Hearings were conducted in January and February 2004. In March 2004, the ALJ issued an initial decision finding: (1) the voluntary commitment to join PJM by AEP is designed to obtain economical use of facilities and resources in the Midwest and Mid-Atlantic regions; (2) the state laws at issue are preventing AEP from fulfilling that commitment; (3) these state laws are not required by Federal law nor are they designed to protect public health, safety or welfare, or the environment or conserve energy or to mitigate the effects of emergencies resulting from fuel shortages; and, therefore, (4) AEP should be exempted from the requirements of the Virginia and Kentucky laws, rules or regulations to the extent required to consummate its timely integration into PJM.

Docket No. ER03-1272

Entergy Services, Inc.

Entergy Services, Inc., as agent for the operating companies, including Entergy Arkansas, filed in August 2003 a proposed transmission tariff revision to implement an Available Flowgate Capability (AFC) method for short-term transmission requests to replace the present method of Generator Operating Limits. The APSC intervened in September 2003. Entergy asserts that the AFC method will free up additional transmission capability and result in faster responses to transmission service requests. In a February 2004 Order, FERC accepted the Entergy proposal to become effective in April 2004, subject to review of a compliance filing and continuing evaluation.

Docket No. ER03-583, Docket No. ER03-681, Docket No. ER03-682, and Docket No. ER03-744 Entergy Services, Inc.

In March and April 2003, Entergy Services, Inc. filed for approval of seven Power Purchase Agreements (PPAs) in four different dockets (also including ER03-681, ER03-682, and ER03-744). As a result of their RFP process, Entergy selected seven projects amounting to over 800 MW to provide additional baseload power to Entergy Louisiana and Entergy New Orleans. Over 200 MW came from resources owned by Entergy Arkansas. In May 2003, FERC issued an order accepting and suspending the PPAs. A hearing is scheduled to begin in June 2004.

The position of the APSC is that the PPAs, per se, do not increase the market power of Entergy. The ability of Entergy to price power at above market levels from the PPAs is further constrained by the required approvals of the Louisiana Commission and the City of New Orleans and their rate-setting jurisdiction. The PPAs would result in significant baseload power benefits to Louisiana and New Orleans. CNO approved the PPAs in May 2003.

Docket No. RT04-1 and Docket No. ER04-48 Southwest Power Pool (SPP)

In October 2003, the Southwest Power Pool (SPP) filed an application to be recognized as a Regional Transmission Organization. The filing reflects SPP's assertion that it meets the characteristics and functions of an RTO as required by Order 2000 and suggested by the April 2003 White Paper on a wholesale market platform. The Arkansas and Missouri commissions filed Joint Comments recommending a bifurcated jurisdictional model (as to jurisdiction over the various functions of transmission service) and recommending specific RTO parameters intended to ensure a cost-effective design and the preeminent protection of native load ratepayers. The Arkansas and Missouri commissions supported SPP's continued role as the regional reliability council, security coordinator and regional tariff

administrator, and its enhanced role as independent transmission planner and market monitor. The implementation of a strong decisional Regional State Committee (decisional as to FERC-jurisdictional issues, not state-jurisdictional ones) was also endorsed. A FERC Order was issued in February 2004 granting approval subject to certain conditions. The Commission is currently considering its prospective course of action regarding the Order.

Docket No. IN03-11
CenterPoint Energy Gas Transmission Company

In September 2003, FERC issued an order pertaining to an audit initiated by the FERC Staff relating to CEGT's negotiated rate contracts. The audit results indicated that between October 1997 and April 2003, CEGT did not report all non-conforming terms and conditions in 76 negotiated rate contracts and CEGT did not comply with FERC posting requirements for these agreements. FERC indicated that it would consider a variety of remedies including: (1) suspension or revocation of CEGT's authority to enter negotiated rate contracts, (2) requiring CEGT to file all negotiated rate contracts for pre-approval, (3) providing all non-conforming terms and conditions not reported to FERC to all similarly situated shippers, and (4) implementing a strict compliance plan to insure that all non-conforming terms and conditions are reported to FERC. FERC directed CEGT to show cause within 30 days why its failure to report and post the non-conforming terms and conditions in the negotiated contracts does not violate FERC's regulations and orders granting the pipeline authority to enter into negotiated rate contracts. In October 2003, the APSC filed notice of its intervention in this proceeding.

FERC has conducted two technical and settlement conferences to discuss issues raised by FERC's September order. FERC granted CEGT an extension until January 2004 to comply with FERC's September order. In January 2004, FERC issued a notice further extending the time for CEGT to comply with FERC's September order. In its notice, FERC required CEGT to file a response to

the September order not later than 30 days after FERC issues an order in response to CEGT's compliance filing in Docket No. RP96-200, et al. below. This case is still pending.

Docket No. PL03-1-000
Proposed Pricing Policy

FERC issued its proposed pricing policy for providing incentives for expansion of the transmission grid in January 2003. This policy would grant an additional 0.5% return on equity to any utility joining a RTO, an additional 1.5% return to any utility divesting its transmission system and an additional 1% return for investments in new facilities that are approved in an RTO planning process. The Commission filed comments on the policy proposal in March 2003 opposing the proposal because FERC had not shown that the proposal would be effective, was unsupported, and would raise rates without commensurate benefits. The matter is pending before FERC.

Docket No. RM01-10
Standards of Conduct for Transmission Providers

In September 2001 FERC proposed new standards of conduct that would apply uniformly to natural gas pipelines and transmitting utilities to govern the relationships between regulated transmission providers and their affiliates. The proposed standards would broaden the definition of "affiliate." A Technical Conference was held in May 2002. Order 2004 was issued in November 2003 and motions for rehearing were granted in January 2004. In the final rule, issued by Order 2004-A in April 2004, the Commission: (1) reaffirmed the need for the rule given the economic incentive for transmission providers to give their affiliates unduly preferential treatment; (2) set out specific guidelines to thwart that undue preference; (3) upheld the "no-conduit" rule allowing sharing of certain information as long as the employee is not used as a conduit to provide restricted information to marketing or energy affiliates; and (4) more clearly defined certain terms used in the rule. Implementation of the rule has been extended until September 1, 2004.

Docket No. RM01-12
Electricity Market Design and Structure

In September 2001 FERC a proposed series of workshops on market design. Workshops were held October 15-18. Topics included what markets an RTO should run, congestion management, planning, tariffs, cost recovery and market power. A workshop was held in February 2002 addressing the division of functional control between RTOs and independent transmission companies operating under the RTO umbrella. An RTO cost/benefit report was issued by consultants for FERC in February 2002, followed by a series of teleconferences. In March FERC released a staff Working Paper outlining their position on several issues of rate design. An Options Paper laying out rate design alternatives was issued in April. APSC filed comments on the Working Paper in April and in May for the Options Paper. In July FERC issued the Notice of Proposed Rulemaking (NOPR) on Standard Market Design (SMD). A Staff Conference on Market Monitoring and a technical conference on "Continuing Efforts to Standardize Inputs and Outputs for Electric Market Software" were held in October. Technical Conferences were held on participant funding and on resource adequacy requirements in November and on congestion revenue rights in December. The APSC filed comments in January 2003. In February 2003 FERC held a technical conference on cyber-security of entities interacting on the national electric grid. FERC issued another White Paper on SMD, the Whole-sale Market Platform, in April 2003. In that White Paper, the Commission emphasized its strong commitment to competitive wholesale markets, with a focus on regional transmission organizations which have sound rules for those markets. The White Paper highlights the Commission's desire to recognize regional differences and to have regional authority, in the form of Regional State Committees, play a major role in implementation of the RTOs and their markets. The Commission has held numerous technical conferences throughout the different regions soliciting comments regarding its NOPR and White Paper and proposed final rule on any market design from May 2003 through March 2004, including one held in Dallas in March 2004 for the

Southwest Power Pool. As of April 2004, the Commission has not issued the final rule.

Docket No. RM02-1

Standardizing Generator Interconnection Agreements

This docket was initiated in October 2001 with the release of an Advance Notice of Proposed Rulemaking. FERC asked stakeholders to use the ERCOT Standard Interconnection Agreement (IA) as a starting point and try to achieve consensus on a standard for the rest of the country. The NOPR was issued in April 2002. Designed to provide generators with utility-comparable interconnection service, the NOPR would classify all interconnection facilities as generation expense and all network upgrades as transmission expense. In June the Commission filed comments which argued that as a matter of equity in non-retail competition states, costs of transmission upgrades should be assessed on new generators and not rolled into regional transmission rates. The Commission also requested clarification of the proposed Rule for small generators interconnecting to the distribution system, and whether FERC is pre-empting state jurisdiction by applying the FERC IA. FERC issued Order 2003 as the final rule in July 2003. Responding to motions for clarification, FERC issued Order 2003-A in March 2004 by which it reaffirmed its "higher of" pricing policy whereby the utility may charge the higher of incremental costs or the rolled-in embedded cost, but not both. Further, FERC ruled that for newly connected generators only, where rolled-in embedded cost is chosen, the utility must credit the interconnecting customer for transmission until the funded upgrade costs are paid back with interest. If the company generates from units other than the new generator and the new generator is not generating, it receives no credit. After five years, the utility may elect to pay off the remaining balance in a lump sum or continue to provide credits for transmission service.

Docket No. RP96-200, et al.

CenterPoint Energy Gas Transmission Company

In September 2003, FERC issued an order which addresses a series of non-conforming transportation agreements and related compliance filings by CEGT. FERC found that several of the agreements, including the agreements between CEGT and members of Arkansas Gas Consumers (AGC), contain provisions that are inconsistent with FERC policies. FERC's concerns include a discriminatory umbrella agreement that provides preferential treatment terms to AGC's members for the delivery of gas behind the city gate. FERC directed CEGT to: (1) remove the offending provisions from the umbrella agreement and file it as a tariff, and (2) revise its tariff to provide certain optional provisions of the agreement to all shippers. CEGT's response to the order was due within 30 days after the order date. In October 2003, CEGT filed a request for rehearing of FERC's order and the APSC filed a notice of intervention.

FERC has conducted two technical and settlement conferences to discuss issues raised by FERC's order. FERC has granted CEGT an extension until January 2004 to comply with the order. In January 2004, CEGT, in FERC Docket No. 96-200-118, made a compliance filing in response to FERC's order. CEGT states that the compliance filing: (1) makes it clear that recourse shippers have access to the transportation services and terms and conditions that are available to shippers that ratified the AGC Rate Agreement, (2) removes provisions from the AGC Rate Agreement that FERC ordered removed, and (3) improves the clarity and accuracy of CEGT's contract reporting and filing. CEGT also states that upon FERC approval of the compliance filing, CEGT will withdraw its request for rehearing in this proceeding. In January 2004, the APSC intervened in Docket No. RP96-200-118. In February 2004, AGC filed comments requesting that FERC find that CEGT's January 14 compliance filing resolves FERC's concerns. This case is still pending.

Docket No. RP96-200-096
CenterPoint Energy Gas Transmission Company
(CEGT)

In February 2003, the APSC intervened and protested this negotiated rate filing by CEGT to provide natural gas transportation service for Kiowa's new electric generation facility. The APSC protested the filing because CEGT did not provide information regarding either the capital or maintenance cost of the facilities. In February 2003, FERC issued an order finding that: (1) the rate agreement is acceptable because it does not present a risk of undue discrimination to CEGT's recourse shippers, and (2) in reply to the APSC's concern, CEGT will be at risk for the subject facilities and any cost shortfalls or discounts cannot be recovered in the pipeline's next rate case.

Docket No. RP04-75
CenterPoint Energy Gas Transmission Company

In December 2003, the APSC intervened in CEGT's filing of its first annual report of penalty revenue credits. CEGT's filing reports all penalty revenues collected by CEGT during the twelve-month Penalty Base Period ended in July 2003. This case is still pending.

Docket No. RP02-353
Reliant Energy Gas Transmission Company (REGT)

The APSC intervened in this June 2002 filing by REGT of its tenth and final take-or-pay (TOP) cost recovery pursuant to a 1992 FERC settlement. The settlement allowed REGT to recover a portion of its TOP costs over nine years, and then direct bill customers for the remainder. Although Arkla-Arkansas customers are protected by past agreements from the responsibility for any TOP costs, the APSC intervened to monitor the filing. In February 2003, FERC issued an order accepting REGT's filing conditioned on REGT filing an explanation of the criteria REGT used to calculate the final customer billings to recover the remaining TOP costs.

Docket No. RP03-246
CenterPoint Energy Gas Transmission Company

In February 2003, the APSC intervened in this filing by CEGT to revise its tariffs relating to capacity releases where the releasing shipper is not creditworthy. In February 2003, FERC issued an order requiring CEGT to revise its filing to clarify that: (1) CEGT can only terminate a replacement shipper's contract after it has first terminated the underlying releasing shipper's contract, and (2) the pipeline and the replacement shipper must mutually agree to new pricing terms. In April 2003, FERC issued an order accepting CEGT's revised tariff sheets.

Docket No. RP03-308
CenterPoint Energy Gas Transmission Company

In March 2003, the APSC intervened in this filing by CEGT to adjust its fuel percentages and Electric Power Costs (EPC) Tracker. The Missouri Public Service Commission (MPSC) protested the filing regarding its concern about CEGT's continuing trend of ever-increasing Lost and Unaccounted for Gas. In April 2003, FERC issued an order finding that CEGT's adjustments to its fuel percentages and EPC Tracker are just and reasonable and that the MPSC had not adequately supported the need for additional information.

Docket No. RP03-591
CenterPoint Energy Gas Transmission Company

In September 2003, the APSC intervened in this August 2003 filing by CEGT to implement an additional type of transportation discount that would be based upon published index prices for specific delivery points. The proposal would allow CEGT to agree to index price-based discount rates in cases where the actual rate is capped by its maximum tariff rate. In September 2003, FERC issued an order accepting the filing and suspending the filing until October 2003, subject to refund. In the order, FERC found that, given the on-going proceedings in

Northern Natural and the requests for rehearing of FERC's Modified Policy on negotiated rates, it would be premature to issue a decision at this time on the merits of CEGT's proposal. In October 2003, CEGT requested that FERC clarify that no refund obligation is appropriate, or in the alternative, CEGT requested rehearing of FERC's September 2003 order on the grounds that the imposition of a refund obligation is not in accordance with NGA Section 4(e) and exceeds the FERC's authority under the NGA. In November 2003, FERC granted rehearing of its order. In December 2003, FERC issued an order approving CEGT's tariffs, subject to conditions, which removes the refund condition, and dismisses CEGT's October 2003 request as moot. FERC found that CEGT's proposal is consistent with FERC's decision in the contemporaneous order on remand. However, FERC required CEGT to state that any discount agreement is bounded by the maximum and minimum rate.

Docket No. RP03-609
CenterPoint Energy Gas Transmission Company

In September 2003, the APSC intervened in this September 2003 filing by CEGT to adjust its fuel percentages and EPC Tracker. CEGT's tariffs require that it make this type filing on or before each October 1 and April 1 based on actual data for the twelve-month period ending June 30 and December 31, respectively. The filing would be effective in November 2003. In October 2003, FERC issued an order accepting CEGT's revised tariffs effective November 2003.

Federal Communication Commission (FCC)

Docket No. CC 01-338, CC 96-98, and CC98-147
Triennial Review Order: Unbundling,
Competition, and Advanced Capability of Local
Exchange Carriers

In August 2003, the FCC released the Triennial Review Order which will cause states to become major players in telecommunications

policy under the FCC Order. The order proscribes for states the requirement that it determine, in reviewing the need for continued unbundling, the current competitive environment for ILECs operating within the state and which ILEC markets are subject to impairment, and to conduct ongoing monitoring of those markets. States are charged with conducting its review in this matter and holding a hearing on its findings within a nine month window from the date of the FCC order. The Commission is now in the process of meeting these FCC requirements as applied to ILECs operating within the state. The Commission convened Docket No. 03-163-U in direct response to the competitive questions and made the finding that markets for competitive local exchange carriers are not impaired absent access to unbundled local switching for the purpose of servicing end-user DSI capacity and above customers. In October the Commission opened Docket No. 03-171-U for the purpose of conducting an impairment review with regard to certain unbundled ILEC network elements as directed by the FCC. On March 2, 2004, the United States Circuit Court of Appeals for the District of Columbia issued its opinion in *United States Telecom Association v. Federal Communications Commission*, vacating "the [FCC's] subdelegation to state commissions of decision-making authority over impairment determinations." 2004 WL 374262 at 40 (D.C. Cir. 2004) In light of the Court's decision, this Commission, on March 3, 2004, temporarily suspended all activity in Docket No. 03-171-U.

Docket No. CC 03-284
Wireline toWireless Number Porting Order

In November 2003, the FCC issued its order in this docket requiring full portability of number for wireline to wireless service which generated requests for waiver of those obligations at the state level. In Arkansas Docket No. 03-198-U, Century Telephone's request for waiver of the Local Number Portability requirement was denied by the Arkansas Commission.

In Docket No. 03-199-U waivers were granted to Arkansas Telephone Company, Ritter

Telephone Company, Mountain View Telephone Company, Yell County Telephone Company, and Madison County Telephone Company.

use to recover the costs associated with new transmission investments was a major focus of the Commission in its work on HR 6.

Securities and Exchange Commission (SEC)

There are no cases at the SEC in which the Commission intervened during 2003.

Congressional-Federal Legislation

The Energy Policy Act of 2003

A major Energy Policy bill, HR 6, was introduced during 2003 and includes: language for reliability standards; transmission rate reforms and the provision of incentives for transmission infrastructure improvements and transmission operations; repeal of the Public Utility Holding Company Act; rules for market transparency; additional consumer protections; and merger reform. The bill would have directed FERC to approve an electric reliability organization with penalties for utilities not meeting the standards established by the organization. It also contained provisions for the formation of voluntary RTOs which would stop FERC efforts to implement SMD rules until October 2006. The bill also included language on how the costs of new transmission investments would be recovered.

The Commission was actively involved in changing the bill particularly in the area of electric transmission issues. The Commission worked with members of the Arkansas Congressional delegation and others to ensure that the bill, as introduced, was modified to include protections from FERC implementation of SMD which would have significantly changed the boundary between state and federal jurisdiction. SMD would have resulted in increased costs to Arkansas ratepayers with little, if any benefits. The Commission also worked to ensure that its authority and the authority of other states over transmission siting was not preempted. The inclusion of language requiring the use of participant funding as the mechanism for utilities to

SECTION 7 - OTHER ACTIVITY

The National Association of Regulatory Utility Commissioners (NARUC) is a nonprofit organization founded in 1889. NARUC membership is composed of the governmental agencies that are engaged in the regulation of utilities and carriers in the fifty states, the District of Columbia, Puerto Rico, and the Virgin Islands. NARUC's objective is to improve the quality and effectiveness of public utility regulation.

NARUC operates through committees and subcommittees. Those groups advance regulation through study and discussion of the operation and supervision of public utilities. Through promoting coordinated action by the commissions, the organization serves to protect the public interest.

The Commission is currently represented by the following committee and subcommittee assignments:

Commissioners

Sandra L. Hochstetter
Committee on Electricity
Washington Action Committee
Electric Power Research Institute, Advisory Council

Daryl E. Bassett
Committee on Finance & Technology
Committee on Telecommunications
Investment Committee

Randy Bynum
Committee on Gas
Committee on Consumer Affairs
Washington Action Committee

Commissioners' Staff

D. David Slaton
Staff Subcommittee on Administrative Law Judges
Staff Committee on Law

Sam Loudenslager
Staff Subcommittee on Communications
Staff Subcommittee on Consumer Affairs

David Lewis
Staff Subcommittee on Gas

Richard House
Staff Subcommittee on Electricity

Executive Director

John P. Bethel
Staff Subcommittee on Executive Management

General Staff

Donna Gray
Staff Subcommittee on Competition and Performance Analysis

Jeff Hilton
Staff Subcommittee on Accounts

Gayle Freier
Staff Subcommittee on Depreciation

Appendix A - Jurisdictional Utilities

During 2003, the Commission carried out its statutory obligation to review and regulate the rates and/or practices of utility companies. The utilities under the Commission's jurisdiction in 2003 are listed below:

Investor-Owned Electric Utilities	4
Electric Cooperatives	18
Investor-Owned Gas Utilities	3
Natural Gas Operators	18
Master Meter Gas Operators	192
Water and Sewer Utilities	4
Incumbent Local Exchange Carriers	30
Competitive Local Exchange Carriers	122
Interexchange Carriers and Private Pay Telephone Providers	275
TOTAL	666

Investor-Owned Electric Utilities

Empire District Electric Company
Entergy Arkansas, Inc.

Oklahoma Gas and Electric Company
Southwestern Electric Power Company

Electric Cooperatives

Arkansas Electric Cooperative Corporation
Arkansas Valley Electric Cooperative Corporation
Ashley-Chicot Electric Cooperative
C & L Electric Cooperative Corporation
Carroll Electric Cooperative Corporation
Clay County Electric Cooperative Corporation
Craighead Electric Cooperative Corporation
Farmers Electric Cooperative Corporation
First Electric Cooperative Corporation

Mississippi County Electric Cooperative
North Arkansas Electric Cooperative
Ouachita Electric Cooperative Corporation
Ozarks Electric Cooperative Corporation
Petit Jean Electric Cooperative Corporation
Rich Mountain Electric Cooperative
South Central Ark. Electric Cooperative
Southwest Arkansas Electric Coop. Corporation
Woodruff Electric Cooperative Corporation

Investor-Owned Gas Utilities

Arkansas Oklahoma Gas Corporation
Arkansas Western Gas Company
CenterPoint Energy Arkla, a division of
CenterPoint Energy Resources Corp.

Natural Gas Operators

Augusta City Light Water and Gas
CenterPoint Energy Field Services Corporation
CenterPoint Energy Gas Transmission Company
CenterPoint Energy Pipeline Services
Des Arc Municipal Gas Company
DeValls Bluff Natural Gas System
Enbridge Pipelines L.L.C.
Enogex Arkansas Pipeline Corporation
(Searcy Gas Gathering)
Enmark
Georgia Pacific Corporation
Gruy Petroleum Management Co.
Harrisburg Water and Gas Division
Hazen Natural Gas Company
Integrated Services, Inc.
Jonesboro City Light & Water
LKL Pipeline Company
Kinder Morgan (Natural Gas Pipeline Company of
America)
North Crossett Gas & Water Company

Master Meter Gas Operators

3801 Inc. (Apartments)
Adams Mobile Home Park
AIMCO (Apartments)
Affordable Residential Comm. (MHP)
Alpha Property Management, Inc.
Arkansas Court Apartments
Arkbest Realty
Arkoma, Inc.
Associate Management (Apartments)
Augusta Housing Authority
Autumn Run Mobile Home Park
B&G Mobile Home Park
Bailey Properties Corporation (Apartments)
Bald Knob Housing Authority
Bart Gray Realty (Apartments)
Batesville Housing Authority
Beaver Lake Mobile Home Park
Beebe Housing Authority
Bellefonte Mobile Home Park
Boonstra Mobile Home Park
Boucher & Slack Enterprises (Apartments)
Brinkley Housing Authority

Buck's Trailer Park
CIC Arms Apartments
Cabin Court Apartments
Camden Housing Authority
Carol Brooner
Casa America Inc.
Chateau Rental Properties L.L.C.
Chateau West Apartments
Civitan Apartments
Clarendon Housing Authority
Coffman Investments (Apartments)
Colonial Arms Apartments
Colonial Estates Mobile Home Park
Colonial Oaks Apartments
Con-Ivie Gardens Apartments
Conway Housing Authority
Cottage Apartments & Trailers
Cotton Plant Housing Authority
Country Manor Mobile Home Park
Country Oaks Village Mobile Home Trailer Park
Countryside Mobile Home Park
D&C Trailer Park
Dale Martin Trailer Park
Dan Epperly
Dardenelle Retirement Center (Apartments)
Dardenelle Housing Authority
David Bassett Apartments
Delphi Property Management
Des Arc Housing Authority
Dewar Properties (Apartments)
Dhein's Mobile Home Park
Earle Housing Authority
Ed Cook
Ed Russell
11th Street Mobile Home Park
Fick Street Apartments
First Capitol Management Group (Apartments)
Forrest City Housing Authority
Fort Smith Housing Authority
Fountain Plaza Apartments
Garden Valley Apartments
Georgetown Apartments
Glen Echo Mobile Home Park
Green Acres Mobile Home Park
Green Elf Court Apartments
Guaranty Loan and Realty (Apartments)
Guffey Properties (Mobile Home Park)
Happy Pines Mobile Home Park
Harris Trailer Park
Hartgrave Trailer Park
Heber Springs Housing Authority
Henry Management
Heritage Park Apartments
Hermitage Trailer Park
Hewett Springs Mobile Home Gardens
Hickory Ridge Housing Authority
Highcliff Apartments
Hill Top Mobile Home Park

Master Meter Gas Operators (Continued)

Hilltop Mobile Home Park	R.R. & L.L. Incorporated
Hoxie Housing Authority	RPS Management Company L.P. (Apartments)
Hudson Realty Company (Apartments)	Rector Housing Authority
Hughes Housing Authority	Rector-Phillips-Morse (Apartments)
JAF Enterprises	Remount Road / Spriggs Road M-H-P
J & L Properties	Rental Management, Inc. (Apartments)
Jarrett Property Management (Apartments)	Rison Housing Authority
Jim Peacock Realty (Apartments)	Riverside, Inc. (Apartments)
Jones Trailer Park	Ro-Lynn Hills Mobile Home Park
Keathley Enterprises (Mobile Home Park)	Rockway
Keller's Mobile Home Park	Rolling Hills Mobile Home Park
Kohner Properties (Apartment)	Rosebud Trailer Park
Krebs Rentals (Mobile Home Park)	Royal Oak Apartments
L&K Properties (Apartments)	Ruffs Mobile Home Park
Lakeland Trailer Park	Rutherford Mobile Home Park
Lakeside Resort	Salem Housing Authority
Leta Wagner	Scholars Inn Apartments
Logan Township Gas Users Association	Shady Acres Mobile Home Park
Love's Apartments	Shady Rest Court
Magnolia Housing Authority	Sink Realty (Apartments)
Mammoth Spring Housing Authority	Skaggs Mobile Home Park
Manila Housing Authority	Southgate Village
Mansfield Porperties	Spring Lane Properties
Maple Shade Trailer Park	Squire Court Limited Partnership (Apartments)
Margo Gross	Star Management (Apartments)
Marianna Housing Authority	Suburban Mobile Home Park
McClure Inc.	Sugarloaf Trailer Park
McCrary Housing Authority	Sulcer Real Estate Rentals
Melody Trailer Court	Suncrest Village L.L.C.
Mena & Polk Co. Housing Authority	Sunrise Village L.L.C.
Midway Park	Sunset Village L.L.C.
Mike Rushin Company	Sweetser Properties
Mobile Home Village	Taliafaro, Inc. (Apartments)
Moon's Trailer Park	Tara Garden, L.L.C.
Monte Ne Mobile Home Park	Terry Lynn Trailer Park
Moore Apartments	The English Apartments
Morgan's Trailer Park	Town Houses in the Park
Motor Inn Trailer Park	Trailwood Mobile Home Park
Mountain Home Mobile Home Park	Travis Trailer Park
Mr. James Love (MHP)	Trent Consulting & Investing
Mr. Johnny Bradley Sr.	Trumann Housing Authority
Newport Housing Authority	Tucker's Trailer Park
Niblock Investments, LLC	United Property Management (Apartments)
Out-in-the-Woods Apartments	University Trailer Park
Ozark Land Development (Mobile Home Parks)	W-7 Mobile Park
Painter's Mobile Home Park	Wards Mobile Home Park
Paragould Housing Authority	Warren Housing Authority
Parkin Housing Authority	Washington Plaza Apartments
Parkway Crossing Apartments	West Memphis Housing Authority
Pearson's Trailer Park	Westpark Meadows Apartments
Pine Meadow Trailer Park	White River Regional Housing Authority
Pocahontas Housing Authority	Wilbur's Mobile Home Park
Poplar Square Apartments	Willow Wood Apartments
Pro Realty (Apartments)	Winston Apartments
Property Management, Inc. (Apartments)	Woodridge Estates Mobile Home Park
Protho Manor Apartments	Woodcreek, Inc.

Water and Sewer Utilities

Riviera Utilities of Ark., Inc.
Sebastian Lake Public Utility Co.
Shumaker Public Service Corporation
United Water Arkansas, Inc.

Incumbent Local Exchange Carriers

Alltel Arkansas, Inc.
Arkansas Telephone Company
Central Arkansas Telephone Cooperative
CenturyTel of Arkansas, Inc.
CenturyTel of Central Arkansas, LLC
CenturyTel of Mountain Home, Inc.
CenturyTel of Northwest Arkansas, LLC
CenturyTel of Northwest Louisiana, Inc.
CenturyTel of Redfield, Inc.
CenturyTel of South Arkansas, Inc.
Cleveland County Telephone Company, Inc.
Decatur Telephone Company, Inc.
E.Ritter Telephone Company
 dba Ritter Telephone Company
Lavaca Telephone Company, Inc.
 dba Pinnacle Communications
Madison County Telephone Company, Inc.
Magazine Telephone Company
Mountain View Telephone Company
Northern Arkansas Telephone Company, Inc.
Ozark Telephone Company of Missouri
Prairie Grove Telephone Company
Rice Belt Telephone Company, Inc.
Scott County Telephone Co., Inc.
South Arkansas Telephone Company, Inc.
Southwest Arkansas Telephone Cooperative, Inc.
Southwestern Bell Telephone, L.P.
Tri-County Telephone Company
Valor Telecommunications of Texas, LP
Walnut Hill Telephone Company
Yelcot Telephone Company
Yell County Telephone Company

Competitive Local Exchange Carriers

1-800-Reconex, Inc.
Adelphia Business Solutions Investments, LLC
 dba TelCove
Advanced Telcom, Inc.
 dba Advanced Telcom Group, Inc.
ALLTEL Communications, Inc.
Alticomm, Inc.
American Farm Bureau, Inc.
 dba The Farm Bureau Connection
Ameritel Arkansas, Inc.
Annox, Inc.
Answer Fort Smith, Inc.
Arkansas State Telephone
A-Tech Telecom, Inc.
AT&T Communications of the SW
Bar Tel Communications, Inc.
Basicphone, Inc.
BBC Telephone, Inc.
Bellerud Communications, LLC
Bellsouth BSE, Inc.
Big River Telephone Company, LLC
Broadlink Telecom, Inc.
Brooks Fiber Communications of ARK, Inc.
 aka Brooks Worldcom (MCI)
Budget Phone, Inc.
Business Telecom, Inc.
 dba BTI Telecommunications Services
Buy-Tel Communications
CAT Communications International, Inc.
CenturyTel Fiber Company II, LLC
CenturyTel Solutions, LLC
Ciera Network Systems, Inc.
Comm South
 dba Arkansas Comm South
Connect Communications Corp.
Covista, Inc.
Credit Loans, Inc.
 dba Lone Star Telephone Company
Delta Phones, Inc.
DPI-Teleconnect, Inc.
DSLNet Communications, Inc.
DVC Enterprises, Inc.
 dba DVC Telecom
E. Ritter Communications, Inc.
 dba Ritter Communications
Easton Telecom Services, LLC
Ernest Communications, Inc.
Excel Telecommunications, Inc.
EZ Phone, Inc.
EZ Talk Communications, LLC

Competitive Local Exchange Carriers (Continued)

Fairpoint Communications Solutions Corp.
Gateway Telecom, Inc.
Global Crossing Telemanagement, Inc.
Hometel, Inc.
ICG Telecom Group, Inc.
IDT America, Corp.
Imfone, LLC
Integrated Telecommunications Services, LLC
Intermedia Communications, Inc.
Ionex Communications South, Inc.
ITC Deltacom Communications, Inc.
 dba ITC Deltacom
KMC Data, LLC
KMC Telecom III, LLC
KMC Telecom V, Inc.
Larry Baldwin
 dba NEA Telecom
Level 3 Communications, LLC
Liberty Phones
Max-Tel Communications, Inc.
MCImetro Access Transmission Services, LLC
McLeodUSA Telemanagement Services
Metro Teleconnect Company, Inc.
Metropolitan Telecommunications of Arkansas, Inc.
 dba MeTel
M.L.M Telecommunications, Inc.
Nationnet Communications Corporation
Navigator Telecommunications, Inc.
NetworkIP, LLC
New Access Communications, LLC
New Edge Network, Inc.
 dba New Edge Networks
NII Communications, LTD
NOS Communications, Inc.
NOQ Communications, Inc.
NTERA, Inc.
Nuvox Communications of Arkansas, Inc.
Paging Professionals of Oklahoma
 dba Protel Communications
Payroll Advance, Inc.
Phone-Link, Inc.
Phone Remedies, LLC
Pinnacle Telecom, LLC
Preferred Carrier Services, Inc.
Premiere Network Services, Inc.
QuantumShift Communications, Inc.
Qwest Interprise America, Inc.
Reliant Communications, Inc.
Robert's Communications

Sage Telecom, Inc.
SBC Advanced Solutions, Inc.
Sherry Elam
 dba Quick Connect
Snappy Phone of Texas, Inc.
 dba Budget Phone
Southern Telecom Network, Inc.
 dba STN Long Distance, Inc.
Sprint Communications Co. L.P.
Suretel, Inc.
Talk America, Inc.
TCA Communications
Tele-Save
Teligent, Inc.
Telson Communications, Inc.
The Phone Connection
Thielepape, Harry
 dba State Discount Telephone
Tipton Construction Company of Texas, Inc.
 dba Advanced Communicating Techniques
TSI Telecommunications Network Services, Inc.
Universal Access, Inc.
Universal Telecom, Inc.
 dba Universal Communications
USCom Telephone, Inc.
Valuelinx Communications Corp.
Vantage Telecom, LLC
 dba NewRoads
Vartec Telecom, Inc.
 dba Vartec Telecom and Clear Choice Comm.
Verizon Select Services
Western Communications, Inc.
 dba Logix Communications
World Lynx, LLC
XSPedious Management Co. Of Little Rock, LLC
Z-Tel Communications, Inc.

Interexchange Carriers and Private Pay Telephone Providers

01 Communications of Arkansas
360Networks (USA) Inc.
3U Telecom, Inc.
ACC National Log Distance Corp.
Access One, Inc.
Access Point, Inc.
ACCXX Communications, LLC
ACN Communications Services, Inc.
Adelphia Telecommunications, Inc.
Advanced Communications, Inc.
 dba Advanced Payphones

Interexchange Carriers and Private Pay Telephone Providers (Continued)

Advanced Tel, Inc.
dba EATEL
Advantage Telecommunications Corp.
Affinity Network Incorporated
dba Horizon One Communications
dba Quantumlink Communications
Airnex Communications, Inc.
All-Star Acquisition Corporation
Alliance Group Services, Inc.
American Long Lines, Inc.
American Telecommunications Systems, Inc.
Americatel Corporation
dba 10123 Americatel
AmeriVision Communications, Inc.
dba LifeLine Communications, Inc.
A.R.C. Networks, Inc.
dba Info Highway
Arkansas Payphones, Inc.
ASC Telcom, Inc.
Associated network Partners, Inc.
Association Administrators, Inc.
Atlas Communications, LTD
dba Atcom
AXES, Inc.
dba AXCES International
Axius, Inc.
dba Axius Communications
BAK Communications, LLC
Bee Line Long Distance, LLC
dba Hello Telecom
Bell Atlantic Communications, Inc.
dba Verizon Long Distance
Bellsouth Long Distance, Inc.
BetterWorld Telecom, Inc.
BridgeCom International, Inc.
Broadview NP Acquisition Corp.
dba Broadview Net Plus
Broadwing Communications, LLC
BT Communications Sales, LLC
Budget Call Long Distance
Buehner-Fry, Inc.
dba Resort Operator
dba DialDirect USA
Business Discount Plan, Inc.
Business Network Long Distance, Inc.
Buyers United, Inc.
dba Buyeronline
dba United Carrier Networks
Cable and Wireless USA, Inc.
Call Processing, Inc.
Capsule Communications, Inc.
Casco Pay Phones
CenturyTel Long Distance, Inc.
CFL, LLC
dba CFL Payphones
Choice Telco, LLC
Cincinnati Bell Any Distance
Cinemark USA, Inc.
Citizens Telecommunications Company
dba Citizens Long Distance Company
City Tele Coin Company, Inc.
Claricom Networks, Inc.
dba Staples Communications Networks
Coast International, Inc.
Cognign Networks, Inc.
Coleman Enterprises, Inc.
dba Local Long Distance
Colorado Communications Network, Inc.
dba Hospitality Communications
Com-Tech Resources
dba Com-Tech Systems
Comcast Business Communications, Inc.
dba Comcast Long Distance
Comdata Telecommunications Services
Communicate Technological Systems, L.L.C.
Communications Billing, Inc.
Communigroup of Arkansas, Inc.
Communigroup of K.C., Inc.
dba CGI
Comtech 21, LLC
Connect America Communications
Connie West
Consolidated Communications Operator Services, Inc.
Convergia, Inc.
CTC Communications Corp.
Custom Teleconnect, Inc.
D.D.D. Calling, Inc.
David R. Lindgren
dba Coyote Call Payphones
Dewey Pruitt
Dial-Thru, Inc.
Dialaround Enterprises, Inc.
Direct One, LLC
dba US Telenetworks, LLC and
dba One Rate LD, LLC
Douglas K. Skokos
dba Diller Payphones
E. Ritter Long Distance
dba Tri-County Long Distance, Inc.
ECI Communications, Inc.
dba ITS Network Services
Econodial, LLC

Interexchange Carriers and Private Pay Telephone Providers (Continued)

Electric Lightwave, Inc.
eMeritus Communications, Inc.
Encompass Communications, LLC
Enhanced Communications Network, Inc.
Entrix Telecom, Inc.
Epixtar Communications Corp.
ETA Payphones
Evercom Systems, Inc.
Exergy Group, LLC
EZTel Network Services, Inc.
FamilyTel of Arkansas, Inc.
Foxtel, Inc.
Freedomstarr Communications, Inc.
 dba Planet Earth Communications and
 dba iPhonebill.com
Frontier Communications of America, Inc.
Gates Communications, Inc.
GE Business Productivity Solutions, Inc.
 dba GE Capital Communications Services
Globalcom, Inc.
Global Communications Consulting Group
Global Crest Communications, Inc.
 dba Dimensions
Global Crossing North American Networks, Inc.
Global Crossing Telecommunications, Inc.
Global Tel*Link Corporation
 dba Global TelCoin
Globcom Incorporated
Go-Solo Technologies, Inc.
Gold Line Telemanagement, Inc.
GTC Telecom
GVC Telecommunications Consulting
Horizon Telecom, Inc.
 dba Horizon Telecom of Arkansas
I-Link Communications, Inc.
Infonet Telecommunications Corp.
Intelecall Communications, Inc.
Intellicall Operator Services, Inc.
 dba ILD
Inter-Tel NetSolutions, Inc.
Intercontinental Communications Group, Inc.
 dba Fusion Telecom
 dba Fusion - Trucker Phone
International Exchange Communications, Inc.
 dba IE COM
Interstate Telecommunications of Georgia, Inc.
Jack L. Hunter
James Michael Church Payphones
Jirehcom, Inc.
K-Powernet, L.L.C.

KDD America, Inc.
Kiger Telephone & Telephony
LCR Telecommunications
LDMI Telecommunications, Inc.
 dba FoneTel
 dba LDMI Telecommunications
Least Cost Routing, Inc.
Legacy Long Distance International
Lightyear Communications, Inc.
Lightyear Telecommunications, LLC
Local Telcom Holdings, LLC
Long Distance Consolidated Billing Company
Long Distance Wholesale Club
Lorette L. Sweden
Lotel, Inc.
 dba Coordinated Billing Services
Main Street Telephone Company
Matrix Telecom
MC Telecom, Inc.
MCI Worldcom Communications, Inc.
MCI Worldcom Network Services, Inc.
Mercury Long Distance
MG, LLC
 dba Sears Connect
MGEN Service Corp.
Michael E. Gray
Midessa Communication Management Systems, Inc.
Miko Telephone Communications, Inc.
Motion Telecom, Inc.
NATCO Technologies, Inc.
Natel, LLC
National Access Long Distance, Inc.
National Directory Assistance, LLC
National Telephone Company
Neal Morris
 dba Leasing Association
NECC Telecom, Inc.
Netlogix Telecom, Inc.
Net One International, Inc.
Network Billing Systems, L.L.C.
Network Communications International Corp.
Network Operator Services, Inc.
Network Services Group, Inc.
Network US, Inc.
 dba CA Affinity
New Century Telecom, Inc.
NobelTel, Inc.
Norstan Network Services, Inc.
Northeast Telecom, Inc.
NOSVA Limited Partnership
 dba CierraCom Systems
Now Acquisition Corporation
Nowell Communications

Interexchange Carriers and Private Pay Telephone Providers (Continued)

NUI Telecom, Inc.
NYNEX Long Distance Company
 dba Verizon Enterprise Solutions
OCMC, Inc.
 dba 1-800-Max-Save, AdvanTel LiveTel, RegionTel, SuperTel
Onelink Communications, Inc.
Onestar Long Distance Operator Communications, Inc.
 dba Oncor
Operator Service Company
Opex Communications, Inc.
Optical Telephone Corporation
Paetec Communications, Inc.
PAR Phones
Paramount International Telecommunications, Inc.
Payphones of Arkansas
Peak Communications, Inc.
Phonetel Technologies, Inc.
PNG Telecommunications, Inc.
 dba PowerNet Global Communications
Power-Finder West Communications, LLC
Powertel/Memphis, Inc.
PrimeTime Communications, Inc.
Primus Telecommunications, Inc.
Promisevision Technology, Inc.
PT-1 Communication, Inc.
Public Communication Services, Inc.
Quality Telephone
Quasar Communications Corp.
Qwest Communications Corporation
Qwest Interprise America, Inc.
QX Telecom, LLC
R2C Communications, Inc.
Radiant Telecom, Inc.
Ray A. Beierle
 dba Reliable Communications
Reduced Rate Long Distance, LLC
Ridley Telephone Company, LLC
Ronnie L. And Piper P. Erwin
RRV Enterprise, Inc.
 dba Consumer Access
Raymond and Pamela Ryba
Scott Allen Lensing
Smartstop, Inc.
Sprint Payphone Services, Inc.
Starlink Telecom Corporation
Startec Global Licensing Company
SWB Communications Services
 dba Southwestern Bell Long Distance
T-Netix, Inc.

T-Netix Telecommunications
TDI Communications, Inc.
TDS Long Distance Corp.
Telco Partners, Inc.
Tele-Connect, Inc.
TeleCents Communications, Inc.
Telecare, Inc.
Telecommunications Resources, Inc.
 dba Telecommunications Resources of Missouri
Teleconnect Long Distance Services and System Co.
 dba Telecom*USA
Teledias Communications, Inc.
Telefyne Incorporated
Telegenius, Inc.
Teleglobe America, Inc.
Telenational Communications, Inc.
Telephone Associates, Inc.
Telephone Company of Central FL
Teletrust, Inc.
TeleUno, Inc.
Telliss, LLC
Telmex USA, LLC
Telrite Corporation
Texas Inmate Phones Communications
The Free Network, LLC
TLX Communications, Inc.
 dba Tel America Long Distance Service
 dba United Telephone Company
Ton Services, Inc.
Total Call International, Inc.
Touch America, Inc.
Touch 1 Communications, Inc.
Touchtone Communications, Inc.
Tralee Telephone Company, LLC
TransCom Communications, Inc.
Transcommunications Incorporated
Trans National Communications International
Tri-M Communications
 dba TMC Communications
TTI National, Inc.
UKI Communications, Inc.
United Communications Hub, Inc.
United States Advanced Network, Inc.
United Systems Access Telecom, Inc.
Uni-Tel Communications Group, Inc.
Unity Communications, Inc.
Univance Telecommunications, Inc.
Universal Broadband Communications, Inc.
 dba Business Savings Plan
US LEC Communications, Inc.
US South Communications, Inc.
 dba US South
 dba Incomm

Interexchange Carriers and Private Pay Telephone Providers (Continued)

U.S. Telecom
U. S. Telecom Long Distance, Inc.
USA Digital Communications, Inc.
USLD Communications, Inc.
UTI Incorporated
Valor Telecommunications LD, LLC
Value Added Communications, Inc.
WDT World Discount Telecommunications Co.
Westel, Inc.
Wholesale Carrier Services, Inc.
WilTel Communications, LLC
Winstar Communications, Inc.
Working Assets Long Distance
World Communications Satellite Systems, Inc.
Worldxchange Corporation
 dba Acceris Communication Partners
 dba Acceris Communication Solutions
X2Comm, Inc.
 dba Direct Connect Communications
XO Network Services, Inc.
Yak Communications (America) Inc.
Zenex Long Distance, Inc.
Zone Telecom, Inc.

APPENDIX B - STATISTICAL SUMMARIES

Electric Companies - Arkansas Only Plant Investment; Operating Revenues Year Ended December 31, 2002

Company	Plant Investment	Operating Revenues	Ratio (%) Operating Revenues/Investment
Arkansas Electric Cooperative Corp.	\$1,171,758,687	\$367,992,078	31.41%
Arkansas Valley Electric Cooperative Corp.	\$147,025,669	\$56,022,021	38.10%
Ashley-Chicot Electric Cooperative	\$26,282,335	\$7,625,352	29.01%
C & L Electric Cooperative Corp.	\$78,178,985	\$23,597,959	30.18%
Carroll Electric Cooperative Corp.	\$200,875,994	\$72,754,815	36.22%
Clay County Electric Cooperative Corp.	\$46,614,282	\$14,324,804	30.73%
Craighead Electric Cooperative Corp.	\$97,893,704	\$29,562,308	30.20%
Empire District Electric Company	\$14,668,622	\$8,536,286	58.19%
Entergy Arkansas, Inc.	\$5,859,708,051	\$1,561,088,237	26.64%
Farmers Electric Cooperative Corp.	\$14,266,936	\$5,341,193	37.44%
First Electric Cooperative Corp.	\$254,759,656	\$94,853,356	37.23%
Mississippi County Electric Cooperative	\$21,676,852	\$81,332,217	375.20%
North Arkansas Electric Cooperative	\$126,717,301	\$38,689,830	30.53%
Oklahoma Gas and Electric Company	\$196,254,539	\$137,289,960	69.96%
Ouachita Electric Cooperative Corp.	\$44,905,324	\$14,797,603	32.95%
Ozarks Electric Cooperative Corp.	\$127,411,977	\$48,445,294	38.02%
Petit Jean Electric Cooperative Corp.	\$64,361,118	\$18,283,134	28.41%
Rich Mountain Electric Cooperative	\$28,934,944	\$8,016,369	27.70%
South Central Arkansas Electric Cooperative	\$37,886,379	\$13,680,533	36.11%
Southwest Arkansas Electric Cooperative	\$98,576,398	\$35,953,535	36.47%
Southwestern Electric Power Company	\$493,911,139	\$241,069,957	48.81%
Woodruff Electric Cooperative Corp.	\$88,306,628	\$25,917,283	29.35%
TOTALS	\$9,240,975,520	\$2,905,174,124	31.44%

Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year Ended December 31, 2002

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
Arkansas Electric Cooperative Corporation					
Residential	0	0	\$0	\$0	0
Irrigation	0	0	\$0	\$0	0
Commercial	0	0	\$0	\$0	0
Industrial	0	0	\$0	\$0	0
Public Authority	0	0	\$0	\$0	0
Totals Retail	0	0	\$0	\$0	0
Wholesale	17	11,773,221,000	\$367,687,833	\$20,427,102	654,067,833
<i>Other Revenues</i>	N/A	N/A	\$304,245	N/A	N/A
TOTALS	17	11,773,221,000	\$367,992,078	N/A	N/A
Arkansas Valley Electric Cooperative Corporation					
Residential	43,749	626,110,483	\$41,489,799	\$948	14,311
Irrigation	0	0	\$0	\$0	0
Commercial	2,335	88,781,760	\$5,206,580	\$2,230	38,022
Industrial	13	232,116,440	\$7,687,370	\$591,336	17,855,111
Public Authority	585	18,091,387	\$1,183,158	\$2,022	30,925
Totals Retail	46,682	965,100,070	\$55,566,907	\$1,190	20,674
Wholesale	0	0	\$0	\$0	0
<i>Other Revenues</i>	N/A	N/A	\$455,114	N/A	N/A
TOTALS	46,682	965,100,070	\$56,022,021	N/A	N/A
Ashley-Chicot Electric Cooperative, Inc.					
Residential	3,838	53,271,430	\$4,457,012	\$1,161	13,880
Irrigation	236	8,292,103	\$946,349	\$4,010	35,136
Commercial	1,021	25,731,907	\$2,124,417	\$2,081	25,203
Industrial	0	0	\$0	\$0	0
Public Authority	18	716,785	\$54,303	\$3,017	39,821
Totals Retail	5,113	88,012,225	\$7,582,081	\$1,483	17,213
Wholesale	0	0	\$0	\$0	0
<i>Other Revenues</i>	N/A	N/A	\$43,271	N/A	N/A
TOTALS	5,113	88,012,225	\$7,625,352	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year Ended December 31, 2002**

				Average Revenues	Average kWh
Company	No. of Customers	kWh Sold	Revenues	Per Customer	Per Customer
C&L Electric Cooperative Corporation					
Residential	18,208	229,228,666	\$17,111,899	\$940	12,589
Irrigation	196	4,205,176	\$591,149	\$3,016	21,455
Commercial	1,527	53,366,310	\$3,664,060	\$2,400	34,948
Industrial	9	26,762,718	\$1,248,057	\$138,673	2,973,635
Public Authority	389	6,610,846	\$485,897	\$1,249	16,994
Totals Retail	20,329	320,173,716	\$23,101,062	\$1,136	15,750
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$496,897	N/A	N/A
TOTALS	20,329	320,173,716	\$23,597,959	N/A	N/A
Carroll Electric Cooperative Corporation					
Residential	55,050	786,140,951	\$52,521,793	\$954	14,280
Irrigation	0	0	\$0	\$0	0
Commercial	3,950	211,965,646	\$11,515,177	\$2,915	53,662
Industrial	8	212,582,655	\$6,896,963	\$862,120	26,572,832
Public Authority	54	2,999,056	\$225,696	\$4,180	55,538
Totals Retail	59,062	1,213,688,308	\$71,159,629	\$1,205	20,549
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$1,595,186	N/A	N/A
TOTALS	59,062	1,213,688,308	\$72,754,815	N/A	N/A
Clay County Electric Cooperative Corporation					
Residential	10,399	102,649,120	\$8,185,309	\$787	9,871
Irrigation	613	2,427,356	\$270,083	\$441	3,960
Commercial	1,084	46,277,496	\$3,323,656	\$3,066	42,691
Industrial	11	35,467,712	\$2,236,202	\$203,291	3,224,337
Public Authority	92	1,786,592	\$141,357	\$1,536	19,419
Totals Retail	12,199	188,608,276	\$14,156,607	\$1,160	15,461
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$168,197	N/A	N/A
TOTALS	12,199	188,608,276	\$14,324,804	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year Ended December 31, 2002**

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
Craighead Electric Cooperative Corporation					
Residential	21,304	302,921,577	\$21,158,856	\$993	14,219
Irrigation	917	7,027,214	\$830,953	\$906	7,663
Commercial	4,356	88,010,996	\$6,102,552	\$1,401	20,205
Industrial	7	17,861,953	\$941,088	\$134,441	2,551,708
Public Authority	27	638,018	\$58,351	\$2,161	23,630
Totals Retail	26,611	416,459,758	\$29,091,800	\$1,093	15,650
Wholesale	0	0	\$0	\$0	0
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$470,508</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	26,611	416,459,758	\$29,562,308	N/A	N/A
Empire District Electric Company, The					
Residential	3,139	34,846,361	\$2,632,914	\$839	11,101
Irrigation	0	0	\$0	\$0	0
Commercial	635	29,422,455	\$1,989,523	\$3,133	46,335
Industrial	9	66,104,834	\$3,001,941	\$333,549	7,344,982
Public Authority	82	3,467,129	\$238,574	\$2,909	42,282
Totals Retail	3,865	133,840,779	\$7,862,952	\$2,034	34,629
Wholesale	2	21,540,062	\$509,627	\$254,814	10,770,031
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$163,707</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	3,867	155,380,841	\$8,536,286	N/A	N/A
Entergy					
Residential	549,326	7,049,328,452	\$556,302,176	\$1,013	12,833
Irrigation	0	0	\$0	\$0	0
Commercial	78,985	5,221,073,120	\$304,489,297	\$3,855	66,102
Industrial	21,739	7,074,241,370	\$329,845,126	\$15,173	325,417
Public Authority	516	255,192,049	\$15,358,268	\$29,764	494,558
Totals Retail	650,566	19,599,834,991	\$1,205,994,867	\$1,854	30,127
Wholesale	21	11,880,473,917	\$328,194,449	\$15,628,307	565,736,853
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$26,898,921</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	650,587	31,480,308,908	\$1,561,088,237	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year Ended December 31, 2002**

Company	No. of Customers	kWh Sold	Revenues	Average Revenues	Average kWh
				Per Customer	Per Customer
Farmers Electric Cooperative Corporation					
Residential	4,347	50,431,014	\$3,536,981	\$814	11,601
Irrigation	453	7,667,155	\$820,216	\$1,811	16,925
Commercial	522	17,206,061	\$873,965	\$1,674	32,962
Industrial	10	415,920	\$23,904	\$2,390	0
Public Authority	0	0	\$0	\$0	0
Totals Retail	5,332	75,720,150	\$5,255,066	\$986	14,201
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$86,127	N/A	N/A
TOTALS	5,332	75,720,150	\$5,341,193	N/A	N/A
First Electric Cooperative Corporation					
Residential	66,383	946,361,572	\$70,199,302	\$1,057	14,256
Irrigation	434	35,831,314	\$3,041,209	\$7,007	82,561
Commercial	2,944	178,053,946	\$11,252,062	\$3,822	60,480
Industrial	2	264,297,359	\$7,394,752	\$3,697,376	132,148,680
Public Authority	414	21,719,864	\$1,315,956	\$3,179	52,463
Totals Retail	70,177	1,446,264,055	\$93,203,281	\$1,328	20,609
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$1,650,075	N/A	N/A
TOTALS	70,177	1,446,264,055	\$94,853,356	N/A	N/A
Mississippi County Electric Cooperative, Inc.					
Residential	3,560	56,098,126	\$2,928,075	\$822	15,758
Irrigation	226	3,514,277	\$242,971	\$1,075	15,550
Commercial	482	14,961,556	\$755,379	\$1,567	31,041
Industrial	23	2,955,389,221	\$77,271,639	\$3,359,636	128,495,184
Public Authority	41	1,708,888	\$96,803	\$2,361	41,680
Totals Retail	4,332	3,031,672,068	\$81,294,867	\$18,766	699,832
Wholesale	0	0	\$0	\$0	0
Other Revenues	N/A	N/A	\$37,350	N/A	N/A
TOTALS	4,332	3,031,672,068	\$81,332,217	N/A	N/A

Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year Ended December 31, 2002

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
North Arkansas Electric Cooperative, Inc.					
Residential	29,454	346,599,005	\$27,862,074	\$946	11,767
Irrigation	0	0	\$0	\$0	0
Commercial	2,241	89,091,412	\$6,011,295	\$2,682	39,755
Industrial	5	83,508,920	\$3,917,812	\$783,562	16,701,784
Public Authority	335	5,704,578	\$464,994	\$1,388	17,029
Totals Retail	32,035	524,903,915	\$38,256,175	\$1,194	16,385
Wholesale	0	0	\$0	\$0	0
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$433,655</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	32,035	524,903,915	\$38,689,830	N/A	N/A
Oklahoma Gas and Electric Company					
Residential	51,275	684,491,374	\$40,580,400	\$791	13,349
Irrigation	0	0	\$0	\$0	0
Commercial	8,265	705,085,605	\$28,813,351	\$3,486	85,310
Industrial	420	1,079,653,114	\$33,781,272	\$80,432	2,570,603
Public Authority	1,146	118,087,797	\$5,861,751	\$5,115	103,043
Totals Retail	61,106	2,587,317,890	\$109,036,774	\$1,784	42,341
Wholesale	22	843,493,818	\$27,657,863	\$1,257,176	38,340,628
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$595,323</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	61,128	3,430,811,708	\$137,289,960	N/A	N/A
Ouachita Electric Cooperative Corporation					
Residential	8,415	99,447,470	\$7,502,376	\$892	11,818
Irrigation	0	0	\$0	\$0	0
Commercial	920	41,741,559	\$2,648,544	\$2,879	45,371
Industrial	9	94,199,182	\$4,446,226	\$494,025	10,466,576
Public Authority	6	407,881	\$24,113	\$4,019	67,980
Totals Retail	9,350	235,796,092	\$14,621,259	\$1,564	25,219
Wholesale	0	0	\$0	\$0	0
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$176,344</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	9,350	235,796,092	\$14,797,603	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year Ended December 31, 2002**

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
Ozark Electric Cooperative Corporation					
Residential	40,299	545,555,768	\$35,025,897	\$869	13,538
Irrigation	0	0	\$0	\$0	0
Commercial	1,423	120,398,150	\$7,449,180	\$5,235	84,609
Industrial	16	86,539,360	\$3,939,043	\$246,190	5,408,710
Public Authority	238	17,443,118	\$1,146,290	\$4,816	73,290
Totals Retail	41,976	769,936,396	\$47,560,410	\$1,133	18,342
Wholesale	0	0	\$0	\$0	0
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$884,884</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	41,976	769,936,396	\$48,445,294	N/A	N/A
Petit Jean Electric Cooperative Corporation					
Residential	16,236	182,340,603	\$13,405,369	\$826	11,231
Irrigation	0	0	\$0	\$0	0
Commercial	1,366	51,456,701	\$3,152,400	\$2,308	37,670
Industrial	10	24,245,960	\$1,152,506	\$115,251	2,424,596
Public Authority	301	5,589,093	\$418,935	\$1,392	18,568
Totals Retail	17,913	263,632,357	\$18,129,210	\$1,012	14,717
Wholesale	0	0	\$0	\$0	0
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$153,924</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	17,913	263,632,357	\$18,283,134	N/A	N/A
Rich Mountain Electric Cooperative, Inc.					
Residential	6,982	98,441,955	\$7,201,250	\$1,031	14,099
Irrigation	0	0	\$0	\$0	0
Commercial	340	12,043,860	\$730,143	\$2,147	35,423
Industrial	0	0	\$0	\$0	\$0
Public Authority	0	0	\$0	\$0	0
Totals Retail	7,322	110,485,815	\$7,931,393	\$1,083	15,090
Wholesale	0	0	\$0	\$0	0
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$84,976</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	7,322	110,485,815	\$8,016,369	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year Ended December 31, 2002**

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
South Central Arkansas Electric Cooperative, Inc.					
Residential	9,020	107,518,798	\$7,725,860	\$857	11,920
Irrigation	4	99,932	\$15,535	\$3,884	24,983
Commercial	508	14,563,468	\$1,031,931	\$2,031	28,668
Industrial	8	122,441,502	\$4,800,965	\$600,121	15,305,188
Public Authority	8	190,880	\$17,638	\$2,205	23,860
Totals Retail	9,548	244,814,580	\$13,591,929	\$1,424	25,640
Wholesale	0	0	\$0	\$0	0
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$88,604</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	9,548	244,814,580	\$13,680,533	N/A	N/A
Southwest Arkansas Electric Cooperative Corporation					
Residential	21,953	313,586,292	\$21,911,558	\$998	14,284
Irrigation	0	0	\$0	\$0	0
Commercial	1,656	68,945,322	\$4,592,089	\$2,773	41,634
Industrial	6	193,090,797	\$8,477,953	\$1,412,992	32,181,800
Public Authority	433	5,783,743	\$410,651	\$948	13,357
Totals Retail	24,048	581,406,154	\$35,392,251	\$1,472	24,177
Wholesale	0	0	\$0	\$0	0
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$561,284</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	24,048	581,406,154	\$35,953,535	N/A	N/A
Southwestern Electric Power Company					
Residential	87,085	987,230,881	\$59,297,291	\$681	11,336
Irrigation	0	0	\$0	\$0	0
Commercial	14,533	940,204,883	\$44,636,919	\$3,071	64,694
Industrial	585	1,815,811,721	\$67,359,853	\$115,145	3,103,952
Public Authority	982	96,844,065	\$7,462,104	\$7,599	98,619
Totals Retail	103,185	3,840,091,550	\$178,756,167	\$1,732	37,216
Wholesale	2	1,710,936,761	\$49,056,437	\$24,528,219	855,468,381
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$13,257,353</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	103,187	5,551,028,311	\$241,069,957	N/A	N/A

**Electric Companies - Arkansas Only
Customers; kWh Sold; Revenues
Year Ended December 31, 2002**

Company	No. of Customers	kWh Sold	Revenues	Average Revenues Per Customer	Average kWh Per Customer
Woodruff Electric Cooperative Corporation					
Residential	13,999	185,209,095	\$14,047,684	\$1,003	13,230
Irrigation	3,899	54,256,115	\$4,738,059	\$1,215	13,915
Commercial	684	54,362,992	\$3,783,087	\$5,531	79,478
Industrial	8	65,298,000	\$2,936,236	\$367,030	8,162,250
Public Authority	10	335,790	\$31,867	\$3,187	33,579
Totals Retail	18,600	359,461,992	\$25,536,933	\$1,373	19,326
Wholesale	0	0	\$0	\$0	0
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$380,350</i>	<i>N/A</i>	<i>N/A</i>
TOTALS	18,600	359,461,992	\$25,917,283	N/A	N/A
Industry Totals:					
Retail	1,229,351	36,997,221,137	\$2,083,081,620	\$1,694	30,095
Wholesale	64	26,229,665,558	\$773,106,209	\$11,893,942	403,533,316
<i>Other Revenues</i>	<i>N/A</i>	<i>N/A</i>	<i>\$48,986,295</i>	<i>N/A</i>	<i>N/A</i>
INDUSTRY TOTALS	1,229,416	63,226,886,695	\$2,905,174,124	N/A	N/A

Gas Companies - Arkansas Only
Plant Investment; Operating Revenues
Year Ended December 31, 2002

Company	Plant Investment	Operating Revenues	Ratio (%) Operating Revenues/Investment
Arkansas Oklahoma Gas Corporation	\$72,916,954	\$51,578,673	71%
Arkansas Western Gas Company Northwest and Northeast Ark. Regions	\$222,552,092	\$115,849,719	52%
CenterPoint Energy Arkla, a division of CenterPoint Energy Resources Corp.	\$572,138,108	\$406,643,912	71%
TOTALS	\$867,607,154	\$574,072,304	66%

**Gas Companies - Arkansas Only
Customers; Mcf Sold; Revenues
Year Ended December 31, 2002**

Company	No. of Customers	MCF Sold	Revenues	Average Revenues Per Customer	Average MCF Per Customer
Arkansas Oklahoma Gas Corporation					
Residential	41,461	3,223,612	\$21,502,263	\$519	78
Commercial	5,435	3,058,025	\$25,783,077	\$4,744	563
Industrial	9	1,249,461	\$2,350,474	\$261,164	138,829
Public Authority	5	73,503	\$535,761	\$107,152	14,701
<i>Totals Without Other Revenues</i>	46,910	7,604,601	\$50,171,575	\$1,070	162
Other Revenues	N/A	N/A	\$1,407,098	N/A	N/A
TOTALS	46,910	7,604,601	\$51,578,673	N/A	N/A
Arkansas Western Gas Company - Northwest and Northeast Arkansas Regions					
Residential	120,314	8,972,554	\$63,892,490	\$531	75
Commercial	16,173	6,150,762	\$36,750,082	\$2,272	380
Industrial	194	1,503,291	\$7,782,212	\$40,114	7,749
Public Authority	0	0	\$0	\$0	0
<i>Totals Without Other Revenues</i>	136,681	16,626,607	\$108,424,784	\$793	122
Other Revenues	N/A	N/A	\$7,424,935	N/A	N/A
TOTALS	136,681	16,626,607	\$115,849,719	N/A	N/A
CenterPoint Energy Arkla, a division of CenterPoint Energy Resources Corp.					
Residential	387,104	26,040,434	\$250,939,609	\$648	67
Commercial & Industrial	49,864	19,005,625	\$136,818,874	\$2,744	381
Public Authority	0	0	\$0	\$0	0
<i>Totals Without Other Revenues</i>	436,968	45,046,059	\$387,758,483	\$887	103
Other Revenues	N/A	N/A	\$18,885,429	N/A	N/A
TOTALS	436,968	45,046,059	\$406,643,912	N/A	N/A
Industry Totals					
<i>Without Other Revenues</i>	620,559	69,277,267	\$546,354,842	\$880	112
INDUSTRY TOTALS	620,559	69,277,267	\$574,072,304	N/A	N/A

Incumbent Local Exchange Carriers (ILEC) - Arkansas Only
Revenues
Year Ended December 31, 2002

Company	Arkansas	Less	Arkansas Revenues
	Gross Revenues	Interstate Revenues	
ALLTEL of Arkansas, Inc.	\$92,528,570	\$21,758,428	\$70,770,142
Arkansas Telephone Company, Inc.	\$5,536,604	\$1,316,040	\$4,220,564
Central Arkansas Telephone Cooperative	\$3,884,067	\$2,009,711	\$1,874,356
CenturyTel of Arkansas, Inc.	\$25,323,937	\$14,178,909	\$11,145,028
CenturyTel of Central Arkansas, LLC	\$92,762,019	\$39,681,692	\$53,080,327
CenturyTel of Mountain Home, Inc.	\$21,461,587	\$10,236,585	\$11,225,002
CenturyTel of Northwest Arkansas, LLC	\$87,445,389	\$33,899,011	\$53,546,378
CenturyTel of Northwest Louisiana, Inc.	\$322,008	\$200,974	\$121,034
CenturyTel of Redfield, Inc.	\$2,859,227	\$872,282	\$1,986,945
CenturyTel of South Arkansas, Inc.	\$1,468,686	\$718,176	\$750,510
Cleveland County Telephone Company	\$3,912,252	\$1,183,072	\$2,729,180
Decatur Telephone Company	\$1,319,821	\$336,708	\$983,113
E. Ritter Telephone Company dba Ritter Telephone Company	\$3,671,701	\$1,184,073	\$2,487,628
Lavaca Telephone Company, Inc. dba Pinnacle Communications	\$1,822,190	\$424,392	\$1,397,798
Madison County Telephone Company	\$4,440,722	\$1,663,507	\$2,777,215
Magazine Telephone Company	\$806,749	\$475,525	\$331,224
Mountain View Telephone Company	\$5,843,269	\$2,374,112	\$3,469,157
Northern Arkansas Telephone Company, Inc.	\$12,797,500	\$5,359,138	\$7,438,362
Ozark Telephone Company of Missouri	\$124,240	\$95,587	\$28,653
Prairie Grove Telephone Company	\$9,107,970	\$2,439,005	\$6,668,965
Rice Belt Telephone Company, Inc.	\$1,396,838	\$594,683	\$802,155
Scott County Telephone Co., Inc.	\$614,428	\$362,563	\$251,865
South Arkansas Telephone Company, Inc.	\$4,862,999	\$1,603,942	\$3,259,057
Southwest Arkansas Telephone Cooperative	\$7,622,274	\$4,315,927	\$3,306,347
Southwestern Bell Telephone, L.P.	\$736,076,849	\$194,013,348	\$542,063,501
Tri-County Telephone Company, Inc.	\$7,520,462	\$4,287,388	\$3,233,074
Valor Telecommunications of Texas, LP	\$5,501,695	\$1,339,854	\$4,161,841
Walnut Hill Telephone Company	\$10,661,429	\$6,391,357	\$4,270,072
Yelcot Telephone Company	\$4,985,379	\$2,234,210	\$2,751,169
Yell County Telephone Company	\$6,924,886	\$3,114,703	\$3,810,183
TOTALS	\$1,163,605,747	\$358,664,902	\$804,940,845

Incumbent Local Exchange Carriers (ILEC) - Arkansas Only
Access Lines
Year Ended December 31, 2002

Company	Residential & Rural	Business	Total Lines
Alltel Arkansas, Inc.	83,676	24,195	107,871
Arkansas Telephone Company, Inc.	7,259	1,583	8,842
Central Arkansas Telephone Cooperative	2,953	281	3,234
CenturyTel of Arkansas, Inc.	15,495	3,765	19,260
CenturyTel of Central Arkansas, LLC	69,614	15,381	84,995
CenturyTel of Mountain Home, Inc.	17,371	5,115	22,486
CenturyTel of Northwest Arkansas, LLC	101,225	29,840	131,065
CenturyTel of Northwest Louisiana, Inc.	301	45	346
CenturyTel of Redfield, Inc.	1,747	234	1,981
CenturyTel of South Arkansas, Inc.	717	123	840
Cleveland County Telephone Company	3,261	535	3,796
Decatur Telephone Company	834	487	1,321
E. Ritter Telephone Company dba Ritter Telephone Company	3,938	1,003	4,941
Lavaca Telephone Company, Inc. dba Pinnacle Communications	1,659	204	1,863
Madison County Telephone Company	2,906	893	3,799
Magazine Telephone Company	962	102	1,064
Mountain View Telephone Company	5,634	1,940	7,574
Northern Arkansas Telephone Company, Inc.	6,241	1,684	7,925
Ozark Telephone Company of Missouri	115	15	130
Prairie Grove Telephone Company	8,523	1,354	9,877
Rice Belt Telephone Company, Inc.	705	339	1,044
Scott County Telephone Co., Inc.	110	8	118
South Arkansas Telephone Company, Inc.	3,255	728	3,983
Southwest Arkansas Telephone Cooperative	5,286	600	5,886
Southwestern Bell Telephone, L.P.	560,571	314,133	874,704
Tri-County Telephone Company, Inc.	6,215	907	7,122
Valor Telecommunications of Texas, LP	13,303	4,366	17,669
Walnut Hill Telephone Company	4,688	823	5,511
Yelcot Telephone Company	3,085	1,096	4,181
Yell County Telephone Company	4,383	1,441	5,824
TOTALS	936,032	413,220	1,349,252

Competitive Local Exchange Carriers (CLEC) - Arkansas Only
Revenues
Year Ended December 31, 2002

Company	Arkansas Gross Revenues	Less Interstate Revenues	Arkansas Revenues
1-800-Reconex, Inc.	\$88,822	\$0	\$88,822
Adelphia Business Solutions Investment, LLC	\$3,310,947	\$618,267	\$2,692,680
ALLTEL Communications, Inc.	\$49,063,375	\$15,745,430	\$33,317,945
Annox, Inc.	\$2,896	\$0	\$2,896
Answer Ft. Smith, Inc.	\$0	\$0	\$0
Arkansas State Telephone	\$0	\$0	\$0
AT&T Communications of the Southwest, Inc.	N/A	N/A	N/A
A-Tech Telecom, Inc.	\$8,223	\$0	\$8,223
Baldwin, Larry Joe dba NEA Telecom	\$240,000	\$0	\$240,000
Basic Phone, Inc.	\$351,431	\$0	\$351,431
Bellerud Communications, LLC	\$5,267	\$0	\$5,267
BellSouth BSE, Inc.	\$0	\$0	\$0
Big River Telephone Company, LLC	\$28,745	\$4,345	\$24,400
Brooks Fiber Communications of Arkansas, Inc.	\$551,986	\$0	\$551,986
Budget Phone, Inc.	\$0	\$0	\$0
Business Telecom, Inc. dba BTI Telecommunications Services	\$94,111	\$75,761	\$18,350
Buy-Tel Communications, Inc.	\$0	\$0	\$0
CAT Communications International, Inc.	\$230,527	\$0	\$230,527
CCCar, Inc.	\$0	\$0	\$0
CenturyTel Solutions, LLC	\$0	\$0	\$0
Choctaw Communications, Inc. dba Smoke Signal Communications	\$37,120	\$0	\$37,120
Ciera Network Systems, Inc.	\$136,233	\$96,280	\$39,953
Comm South Companies, Inc. dba Arkansas Comm South, Inc.	\$1,252,885	\$0	\$1,252,885
Connect Communications Corporation	\$0	\$0	\$0
Credit Loans, Inc. dba Lone Star State Telephone Company	\$16,187	\$0	\$16,187
Delta Phones, Inc.	\$4,200,304	\$0	\$4,200,304
Digital Teleport, Inc.	\$2,776,008	\$2,776,008	\$0
dPi-Teleconnect, LLC	\$883,929	\$0	\$883,929
DSLnet Communications, LLC	\$340	\$340	\$0
DVC Enterprises, Inc. dba DVC Telecom	\$160,210	\$0	\$160,210
E. Ritter Communications, Inc.	\$1,914	\$0	\$1,914
El Paso Networks, L.L.C.	\$0	\$0	\$0
Essex Commuations, Inc.	\$0	\$0	\$0
Excel Telecommunications, Inc.	\$5,998,580	\$2,355,939	\$3,642,641
EZ Phone, Inc.	\$23,671	\$0	\$23,671
EZ Talk Communications, LLC	\$227,089	\$15,949	\$211,140
Fairpoint Communications Solutions Corporation	\$1,267,956	\$314,453	\$953,503
Gateway Telecom, Inc.	\$0	\$0	\$0
Global Crossing Telemanagement, Inc.	\$0	\$0	\$0
HJN Telecom, Inc.	\$0	\$0	\$0
HomeTel, Inc.	\$1,160,571	\$0	\$1,160,571

Competitive Local Exchange Carriers (CLEC) - Arkansas Only
Revenues
Year Ended December 31, 2002

Company	Arkansas Gross Revenues	Less Interstate Revenues	Arkansas Revenues
ICG Telecom Group, Inc.	\$0	\$0	\$0
Integrated Telecommunications Services LLC	\$834,470	\$0	\$834,470
Intermedia Communications, Inc.	\$1,240,446	\$892,881	\$347,565
Ionex Communications South, Inc.	\$110,093	\$10,371	\$99,722
ITC Deltacom Communications, Inc.	\$898,553	\$0	\$898,553
KMC Data, LLC	\$0	\$0	\$0
KMC Telecom III LLC	\$0	\$0	\$0
KMC Telecom V, Inc.	\$6,222,403	\$0	\$6,222,403
Level 3 Communications, LLC	\$15,000	\$15,000	\$0
Liberty Phones, Inc.	\$0	\$0	\$0
M.L.M. Telecommunication, Inc. dba Ameritel, Your Phone Co.	\$343,323	\$0	\$343,323
Max-Tel Communications, Inc.	\$69,727	\$0	\$69,727
MCImetro Access Transmission Services Company, LLC	\$932,081	\$0	\$932,081
McLeodUSA Telecommunications Services	\$2,272,908	\$740,764	\$1,532,144
Metro Teleconnect Companies, Inc.	\$45,911	\$3,552	\$42,359
Navigator Telecommunication, LLC	N/A	N/A	\$8,074,743
New Access Communications LLC	\$0	\$0	\$0
New Edge Networks, Inc.	\$769,322	\$769,322	\$0
Northeast Telecom. LLC	\$0	\$0	\$0
NOS Communications, Inc. dba Internet Business Association	\$139,653	\$90,644	\$49,009
NOW Communications, Inc.	\$35,001	\$0	\$35,001
NuVox Communications of Arkansas, Inc.	\$2,586,098	\$925,607	\$1,660,491
Payroll Professionals of Oklahoma, Inc.	\$0	\$0	\$0
Payroll Advance, Inc.	\$170,672	\$0	\$170,672
Phone-Link, Inc.	\$6,296	\$0	\$6,296
Phone Remedies, LLC	\$0	\$0	\$0
Pinnacle Telecom, LLC	\$375,828	\$43,459	\$332,369
Preferred Carrier Services, Inc.	\$602	\$0	\$602
Premiere Network Services, Inc.	\$0	\$0	\$0
QuantumShift Communications, Inc.	\$2,399	\$0	\$2,399
Qwest Interprise America, Inc.	\$0	\$0	\$0
Robert's Communications	\$402,287	\$0	\$402,287
Sage Telecom, Inc.	N/A	N/A	\$13,052,208
SBC Advanced Solutions, Inc.	\$29,715,590	\$21,233,229	\$8,482,361
Snappy Phone of Texas, Inc. dba Budget Phone	\$934,652	\$0	\$934,652
Southern Telcom Network, Inc. dba STN Long Distance	\$369,640	\$16,721	\$352,919
Sprint Communications Company, LP	\$12,893,161	\$0	\$12,893,161
Supra Telecommunications & Information Systems, Inc.	\$0	\$0	\$0
Suretel, Inc.	\$213,041	\$0	\$213,041
Talk America, Inc.	\$765,341	\$330,721	\$434,620
TCA Communications, Inc.	\$647,504	\$61,037	\$586,467

Competitive Local Exchange Carriers (CLEC) - Arkansas Only
Revenues
Year Ended December 31, 2002

Company	Arkansas Gross Revenues	Less Interstate Revenues	Arkansas Revenues
Tele-Save	\$72,745	\$0	\$72,745
Teligent Services, Inc.	\$6,172	\$2,630	\$3,542
The Phone Connection, Inc.	\$0	\$0	\$0
Thielepape, Harry dba State Discount Telephone	\$36,000	\$0	\$36,000
Tipton Construction Company of Texas, Inc.	\$2,001	\$0	\$2,001
Universal Access, Inc.	\$25,298	\$25,298	\$0
Universal Telecom, Inc dba Universal Communications, Inc.	\$46,057	\$0	\$46,057
USCom Telehone, Inc.	\$168,008	\$2,141	\$165,867
Valuelinx Corporation, Inc.	\$0	\$0	\$0
Vantage Telecom, LLC dba NewRoads Telecom, Inc.	\$342,017	\$10,601	\$331,416
Vartec Telecom, Inc. dba Clear Choice Communications	\$11,949,437	\$6,370,132	\$5,579,305
Verizon Select Services, Inc.	\$122,802	\$83,242	\$39,560
Western Communications, Inc. dba Logix Communications	\$91,418	\$0	\$91,418
World Lynx LLC	\$0	\$0	\$0
Xspedius Management of Little Rock, LLC	\$403,852	\$0	\$403,852
Xspedius Management Co. Switched Services, LLC	\$121,519	\$0	\$121,519
Z-Tel Communications, Inc.	\$22,575	\$6,812	\$15,763
TOTALS	\$148,541,230	\$53,636,936	\$116,031,245

Competitive Local Exchange Carriers (CLEC) - Arkansas Only
Access Lines
Year Ended December 31, 2002

Company	Residential & Rural	Business	Total
1-800-Reconex, Inc.	243	0	243
Adelphia Business Solutions Investment, LLC	0	5,887	5,887
ALLTEL Communications, Inc.	4,156	44,368	48,524
Annox, Inc.	4	0	4
Answer Ft. Smith, Inc.	0	0	0
Arkansas State Telephone	0	0	0
AT&T Communications of the Southwest, Inc.	N/A	N/A	N/A
A-Tech Telecom, Inc.	35	0	35
Baldwin, Larry Joe dba NEA Telecom	640	0	640
Basic Phone, Inc.	542	5	547
Bellerud Communications, LLC	19	0	19
BellSouth BSE, Inc.	0	0	0
Big River Telephone Company, LLC	0	0	0
Brooks Fiber Communications of Arkansas, Inc.	0	3,071	3,071
Budget Phone, Inc.	0	0	0
Business Telecom, Inc. dba BTI Telecommunications Services	0	0	0
Buy-Tel Communications, Inc.	0	0	0
CAT Communications International, Inc	328	0	328
CCCcar, Inc.	0	0	0
CenturyTel Solutions, LLC	0	0	0
Choctaw Communications, Inc. dba Smoke Signal Communicator	0	0	0
Ciera Network Systems, Inc.	0	0	0
Comm South Companies, Inc. dba Arkansas Comm South, Inc.	1,037	0	1,037
Connect Communications Corporation	0	0	0
Credit Loans, Inc. dba Lone Star State Telephone Company	34	0	34
Delta Phones, Inc.	105,139	0	105,139
Digital Teleport, Inc.	0	0	0
dPi-Teleconnect, LLC	863	0	863
DSLnet Communications, LLC	0	0	0
DVC Enterprises, Inc. dba DVC Telecom	281	0	281
E. Ritter Communications, Inc dba Ritter Communications, Inc.	0	0	0
El Paso Networks, LLC	0	0	0
Essex Communications, Inc.	0	0	0
Excel Telecommunications, Inc.	4,993	0	4,993
EZ Phone, Inc.	62	0	62
EZ Talk Communications, LLC	99	0	99
Fairpoint Communications Solutions Corporation	0	0	0
Gateway Telecom, Inc.	0	0	0
Global Crossing Telemanagement, Inc.	0	0	0
HJN Telecom, Inc.	0	0	0
HomeTel, Inc.	4,461	0	4,461

Competitive Local Exchange Carriers (CLEC) - Arkansas Only
Access Lines
Year Ended December 31, 2002

Company	Residential & Rural	Business	Total
ICG Telecom Group, Inc.	0	0	0
Integrated Telecommunications Services LLC	1,958	0	1,958
Intermedia Communications, Inc.	0	0	0
Ionex Communications South, Inc.	0	0	0
ITC Deltacom Communications, Inc.	0	0	0
KMC Data LLC	0	0	0
KMC Telecom III LLC	0	0	0
KMC Telecom V, Inc.	0	0	0
Level 3 Communications, LLC	0	0	0
Liberty Phones, Inc.	0	0	0
M.L.M. Telecommunications, Inc. dba Ameritel, Your Phone Co.	935	0	935
Max-Tel Communications, Inc.	218	0	218
MCImetro Access Transmission Services Company, LLC	22,800	0	22,800
McLeodUSA Telecommunications Services	63	1,214	1,277
Metro Teleconnect Companies, Inc	34	0	34
Navigator Telecommunication, LLC	8,954	1,399	10,353
New Access Communication LLC	0	0	0
New Edge Networks, Inc.	0	0	0
Northeast Telecom, LLC	0	0	0
NOS Communications, Inc. dba 011 Communications	8	232	240
NOW Communications, Inc.	124	0	124
NuVox Communications of Arkansas, Inc.	0	3,948	3,948
Paging Professionals of Oklahoma, Inc.	0	0	0
Payroll Advance, Inc.	265	0	265
Phone-Link, Inc.	27	0	27
Phone Remedies, LLC	0	0	0
Pinnacle Telecom, LLC	0	0	0
Preferred Carrier Services, Inc.	1		1
Premiere Networks Services, Inc.	0	0	0
QuantumShift Communications, Inc.	0	1	1
Qwest Interprise America, Inc.	0	0	0
Robert's Communications	474	8	482
Sage Telecom, Inc.	38,389	2,974	41,363
SBC Advanced Solutions, Inc.	0	0	0
Snappy Phone of Texas, Inc. dba Budget Phone	1,601	0	1,601
Southern Telcom Network, Inc. dba STN Long Distance	180	976	1,156
Sprint Communications Company, LP	0	0	0
Supra Telecommunications & Information Systems, Inc.	0	0	0
Suretel, Inc.	92	0	92
Talk America, Inc	47	0	47
TCA Communications, Inc.	0	0	0

Competitive Local Exchange Carriers (CLEC) - Arkansas Only
Access Lines
Year Ended December 31, 2002

Company	Residential & Rural	Business	Total
Teligent, Inc.	0	0	0
The Phone Connection, Inc.	0	0	0
Thielepape, Harry dba State Discount Telephone	0	0	0
Tipton Construction Company of Texas, Inc.	4	0	4
Universal Access, Inc.	0	10	10
Universal Telecom, Inc dba Universal Communications, Inc.	72	0	72
USCom Telephone, Inc.	30	263	293
Vantage Telecom, LLC dba NewRoads Telecom, Inc.	332	274	606
Valuelinx Corporation, Inc.	0	0	0
VarTec Telecom, Inc.	2,544	0	2,544
Verizon Select Services, Inc.	0	0	0
Western Communications, Inc. dba Logix Communications	0	462	462
WorldLinx LLC	0	0	0
Xspedius Management Co. of Little Rock, LLC	0	0	0
Xspedius Management Co. Switched Services, LLC	0	2,878	2,878
Z-Tel Communications, Inc.	0	0	0
TOTALS	202,244	67,970	270,214

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues; System Revenues
Year Ended December 31, 2002**

Company	Arkansas Revenues	System Revenues	Ratio (%) Ark./System Revenues
01 Communications of Arkansas , LLC	\$0	\$0	0.00%
360Networks (USA) Inc.	\$0	\$31,110,920	0.00%
3U Telecom Inc.	\$0	\$7,176	0.00%
X2Comm, Inc. dba Direct Connect Communications	\$0	\$0	0.00%
A.R.C. Networks, Inc.	\$100	\$34,847,963	0.00%
ACC National Long Distance Corp.	\$4	\$35,987,230	0.00%
AccessLine LD Services, Inc.	\$155	\$3,708	4.18%
Access One, Inc.	\$37,036	\$115,095	32.18%
Access Point, Inc.	\$8,708	\$23,600,978	0.04%
ACCXX Communications, LLC	\$0	\$0	0.00%
ACN Communication Services, Inc.	\$74,899	\$60,283,158	0.12%
Adelphia Telecommunications, Inc.	\$672	\$1,538	43.69%
Advanced Communications, Inc. dba Advanced Payphones	\$43,153	N/A	0.00%
Advanced Tel, Inc. dba Eatel	\$0	\$16,485,797	0.00%
Advantage Telecommunications Corporation	\$112,597	\$2,911,412	3.87%
Affinity Network, Inc. dba Horizon One Communications	\$23	\$554,200	0.00%
Airnex Communications, Inc.	\$2,519	\$15,578	16.17%
Alliance Group Services, Inc.	\$8,249	\$1,276,902	0.65%
AltComm, Inc.	\$0	\$0	0.00%
American Farm Bureau, Inc. dba The Farm Bureau® Connection	\$259,565	\$17,426,195	1.49%
American Long Lines, Inc.	\$868	\$21,916,023	0.00%
American Telecommunications Systems, Inc.	\$4,034	\$10,943	36.86%
America's Digital Satellite Telephone	\$19,974	\$7,951,403	0.25%
Americatel Corporation dba 10123 Americatel	\$10,195	\$265,619,542	0.00%
Amerivision Communications, Inc. dba Lifeline Communications, Inc.	\$285,850	\$64,113,000	0.45%
Arkansas Payphones, Inc.	\$42,156	\$42,156	100.00%
Artech, LLC	\$7,238	\$9,650	75.01%
ASC Telecom, Inc.	\$71,713	\$54,118,344	0.13%
Association Administrators, Inc.	\$639	\$2,516	25.40%
Associated Network Partners, Inc.	\$2,884,727	\$55,808,102	5.17%
Atlas Communciations, LTD dba Atcom	\$305	\$405,362	0.08%
Axcen, Inc. dba Axcen International	\$6,535	\$1,205,896	0.54%
Axius, Inc. dba Axius Communications	\$0	\$85,764	0.00%
BAK Communications, LLC	\$8,025	\$728,543	1.10%
Beirle, Ray A. dba Reliable Communications	\$68,864	\$197,833	34.81%
Bell Atlantic Communications, Inc. dba Verizon Long Distance	\$1,082,553	\$1,433,494,747	0.08%
Bellsouth Long Distance, Inc.	\$294	\$88,211,464	0.00%
Big Planet Holdings, Inc	\$8,207	\$7,311,046	0.11%
Blackstone Communications Company	\$0	\$0	0.00%
BridgeCom International, Inc.	\$120	\$72,051,268	0.00%
Broadwing Communications Services, Inc.	\$0	\$1,665,148	0.00%

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues; System Revenues
Year Ended December 31, 2002**

Company	Arkansas Revenues	System Revenues	Ratio (%) Ark./System Revenues
Broadwing Telecommunications, Inc.	\$763,473	\$1,589,961	48.02%
Broadview NP Acquisition Corp.	\$0	\$49,712,750	0.00%
Budget Call Long Distance, Inc.	\$0	\$4,401,037	0.00%
Buehner-Fry, Inc. dba Resort Operator	\$140	\$5,833,249	0.00%
Business Discount Plan, Inc.	\$58,008	\$3,079,761	1.88%
Cable & Wireless Global Card Services	\$0	\$0	0.00%
Cable & Wireless USA, Inc	\$294,941	\$491,065	60.06%
Call Processing, Inc.	\$154,931	\$5,011,893	3.09%
Call West Communications, Inc.	\$464	\$18,555	2.50%
Capsule Communications, Inc.	\$18,352	\$78,798	23.29%
Casco Pay Phones	\$3,266	\$273,349	1.19%
CenturyTel Long Distance, Inc.	\$11,296,165	\$140,216,390	8.06%
CFL, L.L.C. dba CFL Payphones	\$847	\$7,035	12.04%
Choice Telco LLC	\$0	\$0	0.00%
Church, James Michael dba JMC Payphones	\$2,918	\$2,918	100.00%
Cinemark USA, Inc.	\$1,880	\$1,880	100.00%
Citizens Telecommunications Company dba Citizens Long Distance Company	\$792	\$96,943,942	0.00%
City of Faith Prison Ministries, Inc	\$1,581	\$1,581	100.00%
Claricom Networks, Inc. dba Staples Communications Networks	\$16,739	\$41,002,889	0.04%
Coast International, Inc.	\$1,531	\$2,387,148	0.06%
Coleman Enterprises, Inc. dba Local Long Distance	\$12,639	\$1,030,929	1.23%
Comcast Business Communications, Inc. dba Comcast Long Distance	\$6,888	\$40,578,897	0.02%
Comdata Telecommunications Services	\$64,150	\$99,535	64.45%
Communicate Technological Systems, LLC	\$1,458	\$2,648,505	0.06%
Communications Billing, Inc.	\$820	\$203,875	0.40%
Communigroup of Arkansas, Inc.	\$661,332	\$1,099,325	60.16%
Communigroup of K.C., Inc. dba CGI	\$15,550	\$19,588,814	0.08%
Comtech 21, LLC	\$2,406	\$1,973,283	0.12%
Com-Tech Resources, Inc. dba Com-Tech Systems	\$59,168	\$6,625,655	0.89%
Concert Communications Sales, LLC	\$0	\$0	0.00%
Connect America Communications, Inc.	\$4,249	\$3,243,260	0.13%
Covista Communications, Inc.	\$13,060	\$33,508	38.98%
CTC Communications Corporation	\$682	\$28,670	2.38%
Custom Teleconnect, Inc.	\$136,175	\$20,730,759	0.66%
D.D.D. Calling, Inc.	\$879	\$116,848	0.75%
Dial-Thru, Inc.	\$2,544	\$23,137	11.00%
Dialaround Enterprises, Inc.	\$0	\$1,824,414	0.00%
Direct One, L.L.C. dba One Rate L.D.	\$0	\$17,496,531	0.00%
E. Ritter Long Distance, Inc. dba Ritter Long Distance, Inc	\$98,098	\$424,457	23.11%
Easton Telecommunications, Inc.	\$648	\$3,277,905	0.02%
ECI Communications, Inc.	\$305	\$1,001	30.47%

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues; System Revenues
Year Ended December 31, 2002**

Company	Arkansas Revenues	System Revenues	Ratio (%) Ark./System Revenues
Econodial, LLC	\$0	\$0	0.00%
Electric Lightwave, LLC	\$5,989	\$179,717,200	0.00%
eMeritus Communications, Inc.	\$260,667	\$509,179	51.19%
Encompass Communications, LLC	\$0	\$0	0.00%
Enhanced Communications Group, LLC	\$42,019	\$10,616,694	0.40%
Enhanced Communications Network, Inc.	\$1,627	\$6,727,975	0.02%
Epixtar Communications Corporation	\$0	\$0	0.00%
Ewin, Ronnie L. and Piper P.	\$1,980	\$1,980	100.00%
ETS Payphones, Inc.	\$191,161	\$34,176,439	0.56%
Evercom Systems, Inc.	\$1,133,134	\$239,253,021	0.47%
FoxTel, Inc.	\$1	\$344	0.29%
Freedomstarr Communications, Inc. dba iPhonebill.com	\$4,298	\$2,735,329	0.16%
Free Network,L.L.C., The	\$6,213	\$3,190,138	0.19%
Frontier Communications of America, Inc.	\$0	\$108,661,554	0.00%
Gates Communications, Inc.	\$405	\$7,458	5.43%
GE Business Productivity Solutions, Inc., dba GE Capital Communications Services Corp.	\$52,857	\$41,514,182	0.13%
Global Crest Communications, Inc. dba Dimensions	\$95	N/A	0.00%
Global Crossing Telecommunications, Inc.	\$448,913	\$785,837,208	0.06%
Global Tel*Link Corporation	\$729,603	\$36,314,082	2.01%
Globalcom, Inc.	\$15,779	\$26,185,170	0.06%
Glyphics Communications, Inc.	\$57,073	N/A	0.00%
Gold Line Telemanagement	\$0	\$0	0.00%
GTC Telecom	\$7,306	\$14,328,873	0.05%
GVC Telecommunications Consulting	\$0	\$0	0.00%
Horizon Telecom, Inc. dba Horizon Telecom of Arkansas	\$0	\$217,126	0.00%
Horton Communications	\$0	\$0	0.00%
Hunter, Jack L.	\$113,342	\$113,342	100.00%
IDT America Corporation	\$455,336	\$2,280,253	19.97%
I-Link Communications, Inc.	\$2,717	\$2,364,562	0.11%
Intellicall Operator Services, Inc.	\$333,456	\$90,311,734	0.37%
Intercontinental Communications Group, Inc. dba Fusion Telecom	\$0	\$0	0.00%
International Exchange Communications, Inc dba IE Com	\$0	\$0	0.00%
Interstate Telecommunications of Georgia, Inc.	\$9,874	\$39,761	24.83%
Infonet Telecommunications Corporation	\$0	\$0	0.00%
Inter-Tel NetSolutions, Inc.	\$5,633	\$30,978,818	0.02%
Jirehcom, Inc.	\$2,445	\$523,886	0.47%
KDD America, Inc.	\$22	\$132,740,160	0.00%
Kiger Telephone & Telephony, LLC	\$250	\$649,412	0.04%
LCR Telecommunications, LLC	\$97,941	\$306,519	31.95%
LDMI Telecommunications, Inc.	\$2,362	\$79,531,304	0.00%
Least Cost Routing, Inc.	\$33,046	\$6,287,525	0.53%

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues; System Revenues
Year Ended December 31, 2002**

Company	Arkansas Revenues	System Revenues	Ratio (%) Ark./System Revenues
Legacy Long Distance International, Inc.	\$12,057	\$2,531,869	0.48%
Lensing, Scott Allen	\$12,491	\$12,491	100.00%
Lightyear Communications, Inc	\$244,247	\$115,622,204	0.21%
Lightyear Telecommunications, LLC	\$208	\$19,948,948	0.00%
Lindgren, David dba Coyote Call Payphones	\$240	N/A	0.00%
Local Telecom Holdings, LLC	\$485	\$7,147	6.79%
Long Distance Consolidated Billing Co.	\$2,296	\$6,689	34.33%
Long Distance Wholesale Club	\$0	\$0	0.00%
Lotel, Inc. dba Coordinated Billing Services	\$396	\$2,143,660	0.02%
Main Street Telephone Company	\$150	\$10,607,107	0.00%
Matrix Telecom	\$1,820	\$12,310,056	0.01%
MCI Worldcom Communications, Inc.	\$38,178,113	\$92,263,422	41.38%
MCI Worldcom Network Services, Inc.	\$5,695,095	\$9,331,559	61.03%
MC Telcom, Inc.	\$0	\$0	0.00%
Mercury Long Distance, Inc.	\$0	\$0	0.00%
Midessa Communications Management Systems, Inc.	\$50,000	\$1,300,000	3.85%
Miko Telephone Communications, Inc.	\$380	\$1,947	19.52%
NATCO Technologies, Inc.	\$714,137	\$714,137	100.00%
National Directory Assistance, LLC	\$0	\$2,464	0.00%
National Telephone Company, LLC	\$17,339	N/A	0.00%
NECC Telecom, Inc.	\$0	\$0	0.00%
Netlojix Telecom, Inc.	\$0	\$0	0.00%
Net One International, Inc.	\$1,597	\$16,863	9.47%
Network Billing Systems, LLC	\$7,312	\$8,253,574	0.09%
Network Communications International Corp.	\$115,323	\$44,597,331	0.26%
NetworkIP, LLC	\$0	\$0	0.00%
Network Operator Services, Inc.	\$6,939	\$1,848,659	0.38%
Network Services Group, Inc.	\$30,474	\$61,671	49.41%
Network US, Inc.dab CA Affinity	\$3,621	\$3,779,596	0.10%
New Century Telecom, Inc.	\$0	\$47,338	0.00%
NewSouth Communications Corporation	\$0	\$0	0.00%
NobelTel, LLC	\$2,228	\$16,672	13.36%
North by NortheastCom, LLC	\$0	\$0	0.00%
Norstan Network Services, Inc.	\$1,555	N/A	0.00%
NOSVA Limited Partnership	\$779,310	\$159,389,220	0.49%
Nowell Communications	\$1,380	\$164,245	0.84%
Ntera, Inc.	\$0	\$0	0.00%
NUI Telecom, Inc.	\$1,845	\$18,911,070	0.01%
NYNEX Long Distance Company	\$2,765	\$117,851,963	0.00%
OCMC, Inc. dba Opticom	\$77,474	\$98,560,410	0.08%
Onestar Long Distance, Inc.	\$6,777	\$64,591,003	0.01%

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues; System Revenues
Year Ended December 31, 2002**

Company	Arkansas Revenues	System Revenues	Ratio (%) Ark./System Revenues
Operator Communications, Inc. dba Oncor Communications, Inc.	\$103	N/A	0.00%
Operator Service Company	\$1,334	\$19,585,223	0.01%
OPEX Communications, Inc.	\$108,479	\$34,541,434	0.31%
Optical Telephone Corporation	\$7,255	\$13,536,986	0.05%
Paetec Communciation, Inc.	\$1,159	\$289,201,602	0.00%
Payphones of Arkansas	\$124,223	\$124,223	100.00%
Paytel, Inc.	\$280	\$2,090	13.40%
PDS, Inc. dba Phone Debit Systems, Inc.	\$0	\$0	0.00%
PF.Net Network Services Corporation	\$0	\$0	0.00%
Phonetel Technologies, Inc.	\$58,840	\$20,942,794	0.28%
PNG Telecommunications, Inc. dba PowerNet Global Communications	\$317,127	\$86,441,087	0.37%
Power-Finder West Communications, LLC	\$0	\$0	0.00%
Premiere Communications, Inc.	\$26,636	\$19,450,960	0.14%
Primus Telecommunications, Inc.	\$27,789	\$183,024,761	0.02%
Promise-Net International, LTD	\$1,854	\$87,467	2.12%
Promisevision Technology, Inc.	\$11,529	\$27,930	41.28%
Pruitt, Dewey	\$1,851	\$2,331	79.41%
PT-1 Communications	\$0	\$0	0.00%
Public Communications Services, Inc.	\$0	\$0	0.00%
Qwest Communications Corporation	\$3,238,087	N/A	0.00%
QX Telecom LLC	\$281,912	\$31,240,734	0.90%
Reduced Rate Long Distance, LLC	\$93,584	\$5,819,554	1.61%
Ridley Telephone Company, LLC	\$19	\$2,751,706	0.00%
RRV Enterprise, Inc. dba Consumer Access	\$0	\$6,247,179	0.00%
RSL Com USA, Inc.	\$33,426	\$56,144,000	0.06%
Ryba, Raymond and Pamela	\$11	\$22	50.00%
Skokos, Douglas K. dba Diller Payphone	\$1,260	\$1,260	100.00%
Smartstop, Inc.	\$6,044	\$6,073,756	0.10%
Sonix4U, Inc	\$0	\$0	0.00%
Southwestern Bell Communications Services, Inc. dba Nevada Bell Long Distance	\$17,476,020	\$772,630,314	2.26%
Sprint Payphone Services, Inc.	\$39,134	\$84,012,009	0.05%
Startec Global Licensing Company	\$2,030	\$352,415	0.58%
Starlink Telecom Corporation	\$0	\$838,818	0.00%
Styron, Mark dba Texas Inmate Phones Communications	\$89,000	N/A	0.00%
TDI Communications, Inc.	\$0	\$0	0.00%
TDS Long Distance Corp.	\$297,259	\$425,166	69.92%
Telaleasing Enterprises, Inc.	\$34,750	\$17,109,651	0.20%
Telco Partners, Inc.	\$0	\$0	0.00%
Telecare, Inc.	\$2,851	\$587,681	0.49%
Telecents Communications, Inc.	\$274	\$1,479	18.53%
TelecomEZ Corporation	\$254	\$631,973	0.04%

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues; System Revenues
Year Ended December 31, 2002**

Company	Arkansas Revenues	System Revenues	Ratio (%) Ark./System Revenues
Telecommunications Cooperative Network, Inc.	\$791	\$640,027	0.12%
Telecommunications Resources of Missouri	\$3,218	\$2,332,227	0.14%
Teleconnect Long Distance Services and System Company dba Telcom*USA	\$1,203,989	\$2,975,572	40.46%
Tele-Connect, Inc.	\$4,817	\$5,227,099	0.09%
Telofyne Incorporated	\$0	\$0	0.00%
Telegenius, Inc.	\$461	\$2,566,076	0.02%
Teleglobe USA, Inc.	\$0	\$404,242	0.00%
Telenational Communications, Inc.	\$181	\$4,444,030	0.00%
Telephone Associates, Inc.	\$0	\$6,000,000	0.00%
Telephone Company of Central Florida	\$0	\$19,644,001	0.00%
Teletrust, Inc.	\$10,126	\$4,806,988	0.21%
Telliss, LLC	\$44	N/A	0.00%
Telmex USA, LLC	\$0	\$0	0.00%
TLX Communications, Inc. dba Tel America Long Distance Service	\$3,665	\$16,485,797	0.02%
T-Netix Internet Services, Inc.	\$0	\$0	0.00%
T-Netix, Inc.	\$0	\$0	0.00%
T-Netix Telecommunications Services, Inc.	\$391,657	\$36,609,661	1.07%
Ton Services, Inc.	\$16,514	\$660,719	2.50%
Total Call International, Inc.	\$3,765	\$12,919	29.14%
Touch 1 Communications, Inc.	\$31,866	\$175,079	18.20%
Touch America, Inc.	\$3,500	\$312,755,000	0.00%
Touchtone Communications, Inc.	\$0	\$2,464,990	0.00%
Tralee Telephone Company, LLC	\$0	\$56,420	0.00%
Trans National Communications International, Inc.	\$36,259	\$74,903	48.41%
Transcommunications Incorporated	\$33,332	\$10,659,000	0.31%
Tri-M Communications dba TMC Communications	\$7,530	\$53,961	13.95%
Trotter, Jay Michael	\$318	\$411	77.37%
TTI National, Inc.	\$964,319	\$1,613,655	59.76%
UKI Communications, Inc.	\$17,396	\$3,564,000	0.49%
United Communications Hub, Inc.	\$402	\$112,040	0.36%
United States Advanced Network, Inc.	\$455	\$14,047,241	0.00%
United Systems Access Telecom, Inc.	\$1,065	\$10,414,074	0.01%
Uni-Tel Communications Group, Inc.	\$31,681	\$6,668,345	0.48%
Unity Communications, Inc.	\$58,166	\$5,996,567	0.97%
Univance Telecommunications, Inc.	\$18,709	\$21,785,550	0.09%
US South Communications, Inc. dba Incomm	\$19	\$19	100.00%
USA Digital Communications, Inc.	\$5,632	\$5,993,783	0.09%
US Lec Communications, Inc.	\$0	\$0	0.00%
USLD Communications, Inc.	\$16,876	N/A	0.00%
Valor Telecommunications LD, LLC	\$134,974	\$15,704,160	0.86%
Value-Added Communications, Inc.	\$0	\$7,653,624	0.00%

**Interexchange Carriers (IXC)
Private Pay Telephone Providers (PPTP)
Arkansas Revenues; System Revenues
Year Ended December 31, 2002**

Company	Arkansas Revenues	System Revenues	Ratio (%) Ark./System Revenues
Viva Telecom, LLC	\$8,659	\$1,860,465	0.47%
W2COM International, LLC	\$273	\$371	73.58%
Webnet Communications	\$15,603	\$2,141,851	0.73%
West, Connie Payphones	\$0	\$0	0.00%
Westel, Inc.	\$5,176	\$11,685,648	0.04%
Wholesale Carrier Services, Inc.	\$7,151	\$8,045	88.89%
Williams Communications, LLC	\$2,590,046	\$191,656,000	1.35%
Winstar Communications, LLC	\$1,046	\$96,796,641	0.00%
Working Assets Long Distance	\$40,990	\$163,503	25.07%
World Communications Satellite Systems, Inc.	\$190,443	\$402,735	47.29%
Worldxchange Corporation	\$48,026	\$57,219	83.93%
XO Long Distance Services, Inc.	\$18,220	\$76,700	23.75%
Zone Telecom, Inc.	\$11,195	N/A	0.00%
TOTALS	\$96,953,583	\$7,840,864,519	1.24%

Water & Sewer Companies - Arkansas Only
Plant Investment; Operating Revenues
Year Ended December 31, 2002

Company	Plant Investment	Operating Revenues	Ratio (%) Operating Revenues/Investment
Central Arkansas Sewer Systems*	\$0	\$248,562	N/A
Riviera Utilities of Arkansas	\$1,564,679	\$288,338	18.43%
Sebastian Lake Public Utility Company	\$268,881	\$63,225	23.51%
Shumaker Public Service Corporation	\$722,594	\$325,287	45.02%
United Water Arkansas	\$36,419,317	\$7,325,991	20.12%
TOTALS	\$38,975,471	\$8,251,403	21.17%

*Assets sold to City of Sherwood during 2002

Water & Sewer Companies - Arkansas Only
Customers; Revenues
Year Ended December 31, 2002

Company	No. of Customers	Revenues	Average Revenues
			Per Customer
Central Arkansas Sewer System, Inc. *			
Metered General	0	\$0	\$0
Unmetered General	1,392	\$248,562	\$179
Fire Protection	0	\$0	\$0
Other Customers	0	\$0	\$0
<i>Totals Without Other Revenues</i>	1,392	\$248,562	\$179
Other Revenues	N/A	\$0	N/A
TOTALS	1,392	\$248,562	N/A
Riviera Utilities of Arkansas, Inc.			
Metered General	555	\$212,575	\$383
Unmetered General	1,391	\$59,798	\$43
Fire Protection	0	\$0	\$0
Other Customers	0	\$0	\$0
<i>Totals Without Other Revenues</i>	1,946	\$272,373	\$140
Other Revenues	N/A	\$15,965	N/A
TOTALS	1,946	\$288,338	N/A
Sebastian Lake Public Utility Company			
Metered General	90	\$63,225	\$703
Unmetered General	0	\$0	\$0
Fire Protection	0	\$0	\$0
Other Customers	0	\$0	\$0
<i>Totals Without Other Revenues</i>	90	\$63,225	\$703
Other Revenues	N/A	\$0	N/A
TOTALS	90	\$63,225	N/A

*Assets sold to the City of Sherwood during 2002

Water & Sewer Companies - Arkansas Only
Customers; Revenues
Year Ended December 31, 2002

			Average Revenues
Company	No. of Customers	Revenues	Per Customer
<i>Shumaker Public Service Corporation</i>			
Metered General	543	\$133,447	\$246
Unmetered General	0	\$0	\$0
Fire Protection	50	\$63,084	\$1,262
Other Customers	2	\$123,329	\$61,665
<i>Totals Without Other Revenues</i>	595	\$319,860	\$538
Other Revenues	N/A	\$5,427	\$0
TOTALS	595	\$325,287	N/A
<i>United Water Arkansas, Inc.</i>			
Metered General	18,877	\$6,919,682	\$0
Unmetered General	0	\$0	\$0
Fire Protection	150	\$68,381	\$456
Other Customers	1	\$155,104	\$155,104
<i>Totals Without Other Revenues</i>	19,028	\$7,143,167	\$375
Other Revenues	N/A	\$182,824	N/A
TOTALS	19,028	\$7,325,991	N/A
<i>Industry Totals</i>			
<i>Without Other Revenues</i>	23,051	\$8,047,187	\$349
INDUSTRY TOTALS	23,051	\$8,251,403	N/A

APPENDIX C - RECEIPTS AND DISBURSEMENTS

RECEIPTS

Utility Assessments	\$ 7,675,534.00
Pipeline Safety Assessments	0.00
Other Filing Fees	426,219.75
Federal Reimbursements	223,176.00
Refund to Expenditures-Prior Year	3,439.94
Refund to Expenditures-Current Year	10,662.18
 Total Receipts	 <u>\$ 8,339,031.87</u>
 Less 1.5% Treasury Fees	 <u>123,374.00</u>
 Net Deposit	 <u><u>\$ 8,215,657.87</u></u>

Surety Bonds	240.77
Vehicle Insurance	12,889.00
Building & Contents Insurance	2,409.00
Centrex	64,729.78
Association Dues	37,423.00
Marketing & Redistribution Fees	15.00
Contract Labor	4,017.45
Vehicle Licenses	349.75
Credit Card Purchases	9,645.59
Stationary & Office Supplies	80,887.34
Subscriptions & Publications	51,791.09
Clothing	196.15
Kitchen/Janitorial Supplies	1,368.87
Data Processing Supplies	7,788.26
Penalties	1,231.00
Purchase of Data Processing Software	18,213.65
Licenses and Permits	4,030.00
Workers Compensation Premium Tax	2,175.08
Major Repairs/Renovations	152.29
Capital Expenditures	<u>\$ 84,315.03</u>

DISBURSEMENTS

Regular Salaries	\$ 4,991,094.60
Group Insurance	313,038.00
Retirement	472,384.46
Federal Insurance Contributions	364,644.15
FICA-Agency Cost of Arcap	15,993.94
Postage	16,000.00
Freight	6,196.82
Printing	441.14
Advertising & Clipping Service	5,302.97
Film Processing	31.52
Building Maintenance	628.66
Furniture & Equipment Maintenance	14,959.52
Vehicle Maintenance	5,612.58
Rent of Office Space	488,135.00
Rent of Furniture & Equipment	14,702.35
Rent/Lease of Pagers	843.44
Rent Not Classified	18,428.95
Meals & Lodging	118,520.10
Mileage	1,516.50
Common Carrier	48,892.05
Other Travel	5,512.77
Commissioner Travel	47,199.20
Non-state employee travel	1,209.49
Educational Fees	44,054.61
Administrative Fees & Services	578,732.28
Reimbursable Expenditures	22,634.76
Legal Fees	2,683.01

Total Disbursements	<u><u>\$ 7,983,260.97</u></u>
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THE ARKANSAS PUBLIC SERVICE COMMISSION DOES NOT DISCRIMINATE ON THE BASIS OF
RACE, COLOR, NATIONAL ORIGIN, SEX, RELIGION, AGE OR DISABILITY IN EMPLOYMENT